

Ordinance No. 119471

Council Bill No. 112680

AN ORDINANCE relating to the sale of land for housing development in the I-90 Redevelopment Project area; authorizing the sale of Dearborn-Hiawatha Parcel 3 and 4a to Seattle Cohousing, LLC; authorizing the Director of Office of Housing to execute, deliver, and administer the contract for sale of land and to execute and deliver a deed; authorizing Seattle Public Utilities to accept and assume jurisdiction of the Alleyway upon recording of a deed; and ratifying and confirming prior acts.

CF No. _____

Date Introduced: MAY 10 1999		
Date 1st Referred: MAY 10 1999	To: (committee)	Housing, Human Services and Civil Rights Committee
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage: 5-17-99	Full Council Vote: 6-0	
Date Presented to Mayor: 5-17-99	Date Approved: MAY 24 1999	
Date Returned to City Clerk: MAY 24 1999	Date Published: SPN	T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

me
The City of Seattle - Legislative Department
Council Bill/Ordinance sponsored by: _____

Committee Action:

Passed
As Amended

5-17-99 Full Council: Passed

(Excused: Conlin, Melner,

This file is complete and ready for presentation to Full Council. Co

Law Department

Betty Ngan
Law Dept. Review

CMP
Review

City Clerk
Review

me

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: STEINBRUECK
Councilmember

Committee Action:

Passed 3-0
as amended

5-17-92 Full Council: Passed As Amended 6-0
(Excused: Conlin, Melven, Podolowski)

This file is complete and ready for presentation to Full Council. Committee:

Peter Steinhilber
(initial/date)

Law Department

Betty Ngan

Law Dept. Review

OMP
Review

City Clerk
Review

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NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Using Human
Resources and Civil
Rights Committee

MAY 24 1992

T.O. ☒
F.I. ☐

ORDINANCE 119471

AN ORDINANCE relating to the sale of land for housing development in the I-90 Redevelopment Project area; authorizing the sale of Dearborn-Hiawatha Parcel 3 and 4a to Seattle Cohousing, LLC; authorizing the Director of Office of Housing to execute, deliver, and administer the contract for sale of land and to execute and deliver a deed; authorizing Seattle Public Utilities to accept and assume jurisdiction of the Alleyway upon recording of a deed; and ratifying and confirming prior acts.

WHEREAS, the City obtained ownership of certain parcels known as the "Dearborn-Hiawatha Properties" from the State of Washington, Seattle Housing Authority, King County, and private owners; and

WHEREAS, the City owns, maintains, and wishes to protect the Cedar River Transmission Pipeline that runs underground along the platted alleyway to the east of the subject property; and

WHEREAS, the City adopted the I-90 Area Development Policies on January 23, 1989, by Resolution No. 27901, which Policies were amended on December 11, 1995, by resolution 29258; and

WHEREAS, the City's Ordinance No. 117612, passed on April 24, 1995, directed the Department of Neighborhoods, in coordination with the Department of Housing and Human Services and the Office of Economic Development and in consultation with the Jackson Place Community Council, to proceed with the planning for the redevelopment of the combined residential, commercial and industrial parcels known as "Dearborn-Hiawatha" and that City Council would consider a proposed redevelopment plan which may not be consistent with the I-90 Area Development Policies; and

WHEREAS, the City desires to promote affordable homeownership and economic development in the Jackson Place Community, consistent with the City of Seattle Comprehensive Plan adopted July 25, 1994 and the 1999-2000 Consolidated Plan adopted September 21, 1998, as amended February 8, 1999; and

WHEREAS, the City Council passed Ordinance 119318 which rezoned the property from C-1 (40) to NCR3(40) as recommended by the Jackson Place Community Council through the Central Area Neighborhood Plan; and

WHEREAS, the City Council by Resolution No. 29707 adopted March 2, 1998, approved the issuance of the Request for Developer Qualifications and Preliminary Proposals dated March 16, 1998 (the "RDQ"), which specifies the goals and process for disposition of the Dearborn-Hiawatha Properties; and

WHEREAS, the City has conducted a competitive process through the RDQ; and

WHEREAS, in response to the RDQ, Seattle Cohousing, in conjunction with HomeSight and Icon Architecture which are not parties to this property sale, submitted a proposal dated July 6, 1998, to acquire Dearborn-Hiawatha Parcels 3 and 4a and construct thereon a multifamily cohousing development; and

WHEREAS, the Director of the City's Department of Neighborhoods has determined that the Proposal is complete and responsive to the RDQ; the Proposal has been reviewed and evaluated by the City's Developer Selection Committee; and the Mayor has recommended that the Proposal be accepted; and

WHEREAS, the City Council passed Ordinance 119440 transferring jurisdiction of the Dearborn-Hiawatha property and the authority for the sale of the designated parcels from the Department of Neighborhoods to the Office of Housing;

WHEREAS, the payment for the transfer of the property to Seattle CoHousing will be in the amount of the market value and such funds transferred to the Urban Renewal Closeout Subaccount;

WHEREAS, the Seattle Cohousing wishes to assume no control or interest in the platted unopened alleyway abutting the property, which is the location of the City's Cedar River Water Pipeline No. 3, and wishes to release and quitclaim to the City any interest it may acquire;

WHEREAS, City is willing to accept the fee interest in the alleyway which will be transferred to the jurisdiction of Seattle Public Utilities;

NOW THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The sale by the City of Seattle to Seattle Cohousing of the parcel of real property legally described as follows (the "Property"):

Lots 1 through 10, inclusive, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, in King County, Washington.

Subject to an easement over

That portion of Lots 10, 7 and 8, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington, lying east of a line distant 2 feet westerly of and parallel to the most Easterly lines of said Lots 10, 7 and 8 (said parallel line measured at right angle to said most Easterly lines), the terms of which are set forth in the Exhibit A attached to the Special Warranty Deed;

situate in the City of Seattle, County of King, State of Washington.

for the purpose of housing development, for the price of SEVENTY TWO THOUSAND DOLLARS AND NO CENTS (\$72,000.00), as provided in the Form of Purchase and Sale Agreement attached hereto as Attachment A, is hereby authorized.

Section 2. The Director of the Office of Housing ("Director") is hereby authorized to execute, deliver and administer for and on behalf of the City of Seattle a "Purchase and Sale Agreement" ("Contract") with Seattle Cohousing for the sale of the Property, in substantially the form attached hereto as Attachment A, with any modifications approved by such Director consistent with the terms of this ordinance. In order to carry out the Contract for and on behalf

of the City, the Mayor or Director is authorized to execute a Special Warranty Deed for the Property in substantially the form attached hereto as Exhibit IX to the Contract, and upon satisfaction of the conditions precedent under the Contract, the Director is authorized to cause the deed to be delivered.

Section 3. The Director is hereby authorized, for and on behalf of the City, to approve construction plans and changes thereto as being in conformity with the Contract and the Hiawatha Place Request for Developer Qualifications and Proposals, to grant such consents and approvals as she shall deem appropriate to carry out the intent of this ordinance; and to issue appropriate certification when improvements contemplated in the Contract have been completed.

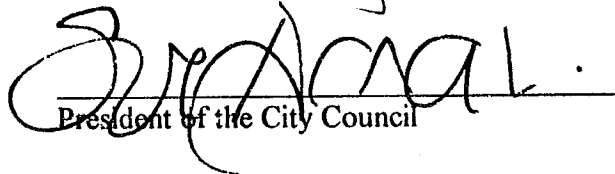
Section 4. Payments made from escrow at closing, from funds deposited by or on behalf of Seattle Cohousing, of prorated assessments and other costs payable by the City at closing pursuant to the terms of the Contract, shall be credited toward payment of the purchase price of the Property. Net proceeds paid to the City, shall be deposited in the Urban Renewal Closeout Subaccount, to reimburse the City's costs of acquiring, holding, and disposing of the Property.

Section 5. For consideration of ten dollars (\$10.00) payable from the Water Fund Seattle Public Utilities is authorized to accept and assume jurisdiction of the Alleyway upon recording of the Quit Claim Deed (Exhibit X to the Contract)

Section 6. Any act pursuant to the authority and prior to the effective date of this ordinance is hereby ratified and confirmed.

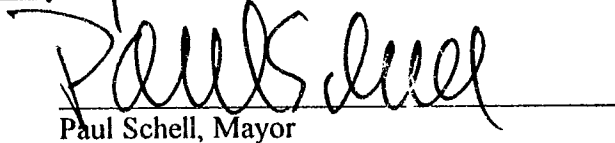
Section 7. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 17th day of May, 1999, and signed by me in open session in authentication of its passage this 17th day of May, 1999.



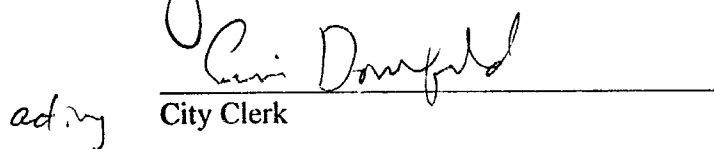
President of the City Council

Approved by me this 24th day of May, 1999.



Paul Schell, Mayor

Filed by me this 24th day of May, 1999.



City Clerk

(Seal)

Attachment A: Purchase and Sale Agreement with Exhibits

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City of Seattle

Paul Schell, Mayor

Executive Department - Office of Housing

Cynthia A. Parker, Director

May 5, 1999

The Honorable Sue Donaldson, President
Seattle City Council
1100 Municipal Building
600 Fourth Avenue
Seattle, Washington 98104

Dear Councilmember Donaldson:

Re: Authorization to Sell Two Dearborn-Hiawatha Parcels

We are forwarding to you this ordinance asking for the authority to sell two of the four remaining Dearborn-Hiawatha properties to Seattle Cohousing, LLC. The sale and development of Parcels 3 and 4a will contribute to the revitalization of the Central Area and will bring a \$72,000 sales revenue to the City. Seattle Cohousing proposes to construct a three-story, 24-unit condominium project on the east side of Hiawatha Place South between South Dearborn Street and South Charles Street.

PROCESS: This property sale was handled according to the goals and processes specified in the Hiawatha Place Request for Developer Qualifications and Preliminary Proposals (RDQ/P) as approved by City Council in February, 1998. In partnership with the Jackson Place Community Council, Department of Neighborhoods issued the first public offering of Dearborn-Hiawatha property through an RDQ/P in March, 1998. The offering was advertised in local papers, and notice of the Hiawatha Place Request for Developer Qualifications (RDQ) was sent to a mailing list of prospective developers.

We received three submittals in response to the request for qualifications:

- Housing Resources Group/GGLO/Rafn Construction
- Icon/Pentron with HomeSight and Seattle CoHousing/Michael Pyatok
- Wagner Management/Weinstein-Copeland Architects/W.G. Clark



Alaska Building, 618 Second Avenue, 8th Floor, Seattle, WA 98104

Tel: (206) 684-0721, TDD: (206) 684-0274, Fax: (206) 233-7117, M/S 15-08-01

An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.

The Hiawatha Place Developer Selection Advisory Committee met from May through July, 1998, to review the developer qualifications and submissions. The Selection Committee consisted of nine individuals representing the Jackson Place Community Council, local lenders, design and real estate professionals working in the neighborhood, and City staff from the Department of Housing and Human Services, Office of Economic Development, Seattle Public Utilities, and the Strategic Planning Office. A neighborhood review team was also convened; eight neighbors committed to familiarizing themselves with the RDQ and invested their time to make an informed decision about whom should be selected to develop the site. Upon considering the statements of qualifications, the neighborhood review team and the selection committee felt all three developers met the minimum qualifications to successfully develop the property. The three teams were invited to prepare preliminary proposals for Hiawatha Place.

The prospective developers spent the month of June preparing their proposal and meeting with the community. On July 6, DON received development proposals from (1) Wagner Management and (2) Icon/Pentron/ HomeSight/ Pyatok/Seattle Cohousing. After much consideration, Housing Resources Group decided to withdraw from the competition, explaining that the costs associated with the site work for the parcels east of Hiawatha Place would push the home prices above an affordable range.

CONCLUSIONS: The neighborhood review team and the developer selection committee reviewed and scored the proposals using the criteria published in the RFQ. Both proposals were very responsive to the community preferences. After much discussion about qualifications, project feasibility and the community and City goals met by each of the proposals, both groups recommended that the Icon/Pentron/HomeSight/Seattle Cohousing team be selected to purchase and develop the property. We concur with and forward the recommendations of the Advisory Committee.

Reasons for the selection include:

- **Community Support:** Jackson Place Community Council supported this proposal, as it meets their preferences for a mixed-use development with innovative housing options and fine quality design. They have pushed a rezone proposal through the neighborhood planning process that changed the zoning of these two properties from C1-40 and L-2 to NC3R-40.
- **Experienced Team:** Seattle Cohousing assembled a well-qualified development team that includes Pyatok Associates, a nationally recognized architectural firm, with Pacific Development Concepts acting as development consultant.
- **Innovative and Market Rate Housing:** Seattle Cohousing will add approximately 24 two-, three- and four-bedroom condominium units



- (with a common house) to the Jackson Place neighborhood. The higher density design and proximity of the site to downtown Seattle will also expand upon the cohousing options currently available in the Puget Sound area.
- **Infrastructure investment:** Seattle Cohousing estimates they will be spending more than \$100,000 on off-site infrastructure work, including sharing the costs of paving Hiawatha Place South with the developers across the street, and providing sidewalks, curbs, and gutters around the perimeter of the property.
- **High Quality Construction:** The total development budget for the Seattle Cohousing project is estimated to be \$5,000,000. Construction costs are projected to be approximately \$110 per square foot.

Other parts of the redevelopment plan proposed by the Icon/Pentron/HomeSight/Seattle Cohousing team include approximately 70 units of artist live-work space affordable to 50% of median income in a mutual housing model, 61 units of artist live-work space for sale at market rate and for first-time homebuyers with down payment assistance, with ground floor commercial space along the west side of Hiawatha Place; three large single-family homes and 12 townhouses for sale to first-time homebuyers along Davis Place and South Charles Street. We plan to present the purchase and sale agreements for these parcels shortly.

CEDAR RIVER PIPELINE: As a part of this property sale, we have been working with Seattle Public Utilities, which owns and maintains the Cedar River Pipeline #3 that runs below ground through the 16 foot wide alley directly east of parcels 3 and 4(a). In order to protect the pipeline, we are selling the property to Seattle Cohousing with a reserved two-foot wide easement that runs along the eastern edge of the property abutting the western edge of the alley (through which the pipeline runs). In order to limit Seattle Cohousing's liability, Seattle Cohousing will quit claim the underlying fee to that same alley back to the City after we record the deeds for parcels 3 and 4a. If SPU chooses to pursue vacation of the alley, SPU will already hold the underlying fee to the alley and therefore would be able to have complete control of that section of the pipeline corridor. We are continuing to try to find a palatable solution to the 14-foot wide corridor SPU needs to control on the east side of the alley and are working with HomeSight and SPIJ to resolve ownership and valuation issues for that strip of land in the coming weeks. As soon as this issue is resolved, we plan to present the purchase and sale agreements between the Office of Housing and HomeSight/Icon/Pentron for parcels 4(b) and 2.

COMMUNITY MEETING: We held a community meeting to review the design proposals for the entire redevelopment proposal (Seattle Cohousing, Icon Architecture, and HomeSight) on November 2, 1998, where neighbors



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commented on how excited they are about the potential this redevelopment proposal offers their neighborhood. We urge the City Council to approve this

recommendation and to adopt the ordinance authorizing the Purchase and Sale Agreement for sale of parcel 3 and 4(a) to Seattle Cohousing. If you would like more information, please call Elizabeth Butler at 684-0210. Thank you.

Sincerely,



Cynthia A. Parker, Director
Office of Housing

CP:ebb

Attachments: Summary of Public Meeting, November 2, 1998
Ordinance
Purchase and Sale Agreement and Exhibits



Estimated Expenditure Impacts:

FUND	1998	1999	2000
NA			
TOTAL			

One-time \$ _____ On-going \$ _____

Estimated Revenue Impacts:

FUND	1998	1999	2000
Urban Renewal Closeout Subaccount			\$72,000*
TOTAL			72,000*

One-time \$72,000* On-going \$ _____

Estimated FTE Impacts:

FUND	1998	1999	2000
NA			

* Costs include FTE plus related staff costs, plus administrative overhead.

Full Time ____ # Part Time ____ # TES ____

Do positions sunset in the future? If so, when?

N/A

Other Issues (including long-term implications of the legislation):

*Net proceeds will be less than the \$72,000 because of payments made from escrow at closing (maximum estimated at \$1,600 for title insurance, escrow fees, final property clean-up, and prorated assessments) and possible environmental remediation (limited to a maximum \$15,000 for the removal of underground oil tanks) payable by the City pursuant to the terms of the Contract, which shall be credited toward payment of the purchase price of the Property.

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Fiscal Note

Department: Office of Housing	Contact Person/Phone: Elizabeth Butler, 684-0210	CBO Analyst/Phone: Pascal St. Gerard, 684-8085
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Legislation Title:

AN ORDINANCE relating to the sale of land for housing development in the I-90 Redevelopment Project area; authorizing the sale of Dearborn-Hiawatha Parcel 3 and 4a to Seattle Cohousing, LLC; authorizing the Director of Office of Housing to execute, deliver, and administer the contract for sale of land and to execute and deliver a deed; authorizing Seattle Public Utilities to accept and assume jurisdiction of the Alleyway upon recording of a deed; and ratifying and confirming prior acts.

Summary of the Legislation:

This ordinance provides authority to sell two of the four remaining Dearborn-Hiawatha properties in the I-90 Redevelopment Project area. The sale and development of Parcels 3 and 4a will contribute to the revitalization of the Central Area, and will bring approximately \$72,000 sales revenue to the City, to be deposited into the Urban Renewal Closeout Subaccount. Seattle Cohousing proposes to construct a three story single purpose residential project, located 1 block east of Rainier Avenue S, on the east side of Hiawatha Place S between S Dearborn St and S Charles St. The development proposal consists of:

- Approximately 24 two-, three- and four-bedroom condominium units, with a common house.
- Enclosed parking garage.
- A development budget estimated to approximately \$5 million.

Background (Include justification for the legislation and funding history, if applicable):

This property sale has been handled according to the goals and process outlined in the Hiawatha Place Request for Developer Qualifications and Preliminary Proposals, as adopted by City Council in February 1998. Department of Neighborhoods issued a prospectus for the property in March 1998. The Hiawatha Place Developer Selection Advisory Committee met May-July, 1998, to review the qualifications and submissions. The Committee recommends that Seattle Cohousing, LLC, be selected to purchase and develop Parcels 3 and 4a..

Sustainability Issues (related to grant awards):

NA



**Hiawatha Place Redevelopment
Public Meeting Summary
November 2, 1998
Seattle Vocational Institute**

The meeting was advertised through

- *The October Jackson Place Community Council's newsletter,*
- *The November Community Calendar (published by Department of Neighborhoods),*
- *Announcements at the October Jackson Place Community Council meeting, the October Judkins Park Community Council meeting, and the October Central District Council*
- *Fliers sent (providing two weeks notice of the meeting) to members of the no longer active Central Area Arts Council members,*
- *Notices posted at Pratt Arts Center and the Central Area Neighborhood Service Center Meeting.*
- *A mailing to 300 artists on Pioneer Square Community Development's artist live/work database.*
- *Developers also helped get the information out to the cohousing members and the arts community.*

Forty-two people signed in at Monday evening's meeting. A good majority of the attendees were artists interested in learning more about the live-work opportunities provided by the Arts & Lofts project. The presentations, questions, answers, discussions and comments from the meeting are described as follows:

Jackson Place Background:

During 1993-1994 the City was studying the feasibility of the site for a Job Corps facility in the property. The Jackson Place Community Council surveyed the neighborhood and asked its residents to rank the Job Corps among other potential uses. The Community Council used the information obtained from residents to develop a vision and principles for the redevelopment of the property. After the city abandoned the Job Corps proposal, the Community Council lobbied the City with the cooperation of the Department of Neighborhoods to consolidate ownership of the property using the vision for the land its citizens had developed.

In July of 1995, the Seattle City Council passed an ordinance consolidating ownership of the property, with the Department of Neighborhoods charged with putting together a development plan. This ordinance had a provision acknowledging the vision of the Jackson Place Community Council and mandated that the Community Council have a role in the subsequent development process.

In February of 1996 the City issued a Request for Proposals for pre-development analysis of the property. The Community Council was involved in the selection of the consultants for this work.

In addition to community meetings dedicated to discussing the development of Hiawatha Place, the Community Council and the City have kept neighbors and other interested parties informed about the progress of the project through many newsletter articles, updates at community council meetings, and wider community meetings.

In March, 1998, Department of Neighborhoods issued a Request for Developer Qualifications and Preliminary Proposals for Hiawatha Place. Jackson Place Community Council was represented, along with other community representatives, on the Developer Selection Committee. Three developers submitted qualifications for Hiawatha Place, and two submitted proposals. The winning proposal from Icon Architecture, Ltd in partnership with HomeSight and Seattle Cohousing, received support from the community and is being presented this evening.



Hiawatha Place Project Summary

Icon/HomeSight and Seattle Cohousing have been awarded the opportunity to develop Hiawatha Place for the Jackson Place Community in the Central Area of Seattle through a competitive City process. This development proposal is conditioned upon City Council approval of a Purchase and Sale Agreement. Development is slated to be complete by 2004. Full redevelopment of four parcels will cost an estimated \$30 million dollars. Site designs include approximately 130 ownership live/work artists lofts, 24 residential condominium units and a common house, 13 ownership townhomes and 3 single family homes. The site is to be enhanced with a distinct gateway, open greenspace, street level commercial space and parking (including light manufacturing space and rental storage).

Parcel 3 & 4(a) *(E on Hiawatha Place S, between S Dearborn & S Charles)*

Seattle Cohousing

Pyatok Associates and Swift & Company Landscape Architects

A 24-unit condominium cohousing project with a mixture of 1, 2, 3, and 4 bedroom units designed as townhomes (19) and flats (5) grouped around a common space. Amenities include garage parking, a common house for cooking, dining and community events. The outdoor common space includes terraced gardens to the east of the community house, and wooded area in NE corner of the property, for play and gardening. Development costs include pedestrian lighting and street benches on Hiawatha Place. Sales prices are estimated to be approximately \$92,000 to \$229,000. Unit sizes will range from approximately 650 sf for studios to 1,620 sf for four-bedroom units. Total Development Cost is projected to be \$4.5 million.

Questions about Seattle Cohousing:

1. Do the units have kitchens? *Yes, each unit is like a regular condominium, with a full kitchen. The Cohousing development will also have a common house that will likely have a commercial kitchen and dining room (for shared meals), and other community spaces for the residents.*
2. How big are the units? *The units will be slightly smaller than what you would find when looking at a typical single-family home on the real estate market. A 3-bedroom unit will be approximately 1,400 sf, and a 4-bedroom unit will be approximately 1,600 sf.*
3. How many units have sold? *We have 21 households that have contributed cash to the project. We are not, technically, selling units because we are still very early in the predevelopment process. We are selling the opportunity for people to participate in the cohousing project, as fully at risk as a developer.*
4. What is the set back from the street? *The development is set back approximately 12 feet from the street, however, no set back is required in this zone.*

Parcel 2 *(West on Hiawatha Pl. S between S Dearborn and S Charles)*

Arts and Lofts, Icon Architecture, Ltd and HomeSight

We have designed the building to include approximately 130 artist live-work lofts atop 22 commercial/retail spaces with approximately 7,877 sf of rentable storage space, and approximately 6,877 sf of light manufacturing work space all supported by approximately 172 underground parking spaces. The preliminary development budget includes landscaped roof garden, human scale street lighting, park benches and pedestrian enhancements such as bulb

Hiawatha Place Redevelopment
Public Meeting Summary
November 2, 1998
Seattle Vocational Institute

and pattern crossings. We provide access to landscaped open space and gardening space across the street.

We hope to have the Mutual Housing Units include a long-term lease-to-own agreement, which will be affordable to households at 60% of median income (in 1998 dollars, approx. \$24,000 annual income for a single-person household or approx. \$28,000 for a two-person household). The condominiums will be affordable to a wide range of income levels with unrestricted market rate units and units affordable to households below 80% of median income (In 1998 dollars, approx. \$31,000 for single-person household and approx. \$36,000 for 2-person household). The loft spaces will be approximately 950 sf to 1,100 sf. The total development cost is estimated to be \$24,019,270.

HomeSight is a private, nonprofit community development corporation. Its mission is to revitalize neighborhoods by providing means for low- and moderate-income households to purchase their first homes. Its method is three-pronged: 1) HomeSight partners with builders to build homes that are affordable to purchase and to maintain; 2) households who are income eligible and has met HomeSight's underwriting criteria are eligible for up to \$20,000 downpayment assistance; and 3) HomeSight has an extensive home buyer education program.

Questions about Arts & Lofts:

1. If someone is financing a market rate or affordable unit, is that through a conventional bank? *Yes, every homeowner qualifies for a first mortgage that is FHA insured. Then HomeSight provides a second mortgage of up to \$20,000. Sometimes we have other sources of funding that allow us to provide a third mortgage, to make the units even more affordable, but right now we do not have supplemental funding.*
2. I have developed artist live-work space, and was told by local banks that lofts are not finance-able through conventional means. *Thank you for that information. We see that this project is trying to do many things that are firsts in Seattle. HomeSight has worked with local lenders for many years, and we have been cultivating relationships. We have also been sharing this preliminary proposal with our lenders, and they have shown interest in helping us make it work. However, we have a lot of details to work out, and I would be interested in talking with you further about their specific issues, so that we can try to address potential concerns early on in the project.*
3. Will the building be organized as a condominium? *Yes, the units that will be for sale to first-time homebuyers and the market rate units will be condominiumized. The units that are to be affordable to artists earning less than 60% of median income will be initially organized as a mutual housing model, where the tenants will be directly involved in managing the property. We will be assembling a number of different sources of financing to make the mutual housing units so affordable. One of the sources is tax credit financing, where a corporation will purchase tax credits to use over a period of nine years. In order for the tax credits to be allocated to the project, the units have affordability requirements that extend 15 years out from the date of occupancy. We intend to format the mutual housing as a long-term lease, where at the end of a 15-year period, a tenant will have earned equity in their unit, and may be able to transition from renter to owner of their live-work space.*
4. Will the buildings be separated with the mutual housing in a different area than the market rate? *We originally proposed separate buildings, although from the street it would be like one building spanning from Dearborn to Charles. We would prefer to create a mixed-*

**Hiawatha Place Redevelopment
Public Meeting Summary
November 2, 1998
Seattle Vocational Institute**

- income structure, so that each phase of the development would contain a mix of mutual housing units, first-time homebuyer units and market rate units.*
5. Who will be the landlord? *We have not yet worked this out completely. The tax credit equity investors will be our partners in the project, and are not yet identified. They will have opinions about property management. At this point we plan on creating a Limited Liability Corporation which will include Icon/Pentron president Kurt Feichtmeir, to own and manage the commercial space on Hiawatha Place. We have not yet determined the ownership structure for the mutual housing component.*
 6. How many artist live-work spaces will be available? *We estimate that there will be approximately 120 to 130 units.*
 7. How will tenants access parking? *The garage will occupy the bottom two floors of the building and the automobile entrance will be through the alley that runs along the west side of the development (halfway between Rainier Ave S and Hiawatha Place, and connecting Dearborn to Charles St.)*
 8. Who pays for the street improvements? *In this case, the City is requiring the developer to include the street improvements in the overall development budget. We have to finance and construct the improvements, which include paving our portion of Hiawatha Pl. and the alley, and sidewalks curbs and gutters where they do not currently exist around the perimeter of the property. We would love to have the City's assistance in this.*
 9. Please describe the concept of the unit. *We recognize that artist live/work space tends to have 12 to 16 foot ceilings, which allows a sleeping loft. We created a building that provides a work space with 12 foot ceilings, and a mezzanine level live space that has 8 foot ceilings. Without a full wall to separate the spaces, we do not provide a legal bedroom, but there is a visual separation which provides privacy. Each unit also has large windows, which will shed light on the living and work space. The units will provide between 800 sf and 1000 sf, and will be approximately 20 ft wide, and 40 feet deep. If artists are interested in purchasing more than one space, we can combine two adjacent units to double the live-work area.*
 10. I think artists would prefer to know the base sf of the work space, so it would be helpful if the mezzanine area was separated out of the 800 to 1000 sf size quoted earlier. *Yes, we haven't separated out the square footage yet, and will make sure that all buyers fully understand what they are investing in.*
 11. What is the construction phasing? *In our proposal, we scheduled the construction to start the first phase during the summer of 2000. We anticipate each construction phase would last one year from start to occupancy. We will have some overlap between the phases, and expect the development of the Arts & Lofts building to be complete by the year 2003.*
 12. What about workshop space? *The workshop space is ambiguous at this point. We hope to provide some workshop space in the concrete structure housing the parking. Those activities that are more hazardous, for example, metal or wood working, would not be appropriate in the loft space, so we are intending to provide other rentable spaces as options.*
 13. How far back from the window does the 12 foot ceiling extend? *Approximately 25 feet. We are challenged to create a space that is affordable to artists, and are constrained by the high costs associated with new construction. Certainly, if an artist could afford more space, we would provide it.*
 14. What will the flooring be like? *The floor system is "heavy timber" construction consisting of exposed 6x12 sawn lumber beams at four feet on center with 3" tongue and groove decking covered with 1/2" oriented strand board panels. In order to achieve the code required sound*

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- rating, an acoustical matt will be added under the final floor surface which will be a wood panel product such as medium density fiberboard. We will probably need to have this assembly tested to meet the sound code since we have not yet found a tested assembly.*
- 15. What amenities will be provided with each unit? Each unit will have a standard kitchen, and bath, and washer/dryer hook-ups.*
 - 16. Will there be options open for artists that want to develop their own space? For the condominium units, probably so. We would like to be able to offer raw space. We probably won't be able to do this for the mutual housing units, because we will need to secure occupancy permits prior to rent-up.*
 - 17. What is the policy for someone who wants to travel and sublet? Policies are yet to be formalized, however, HomeSight requires owner occupancy of units that are made available to first-time homebuyers. The mutual housing leases will likely have restrictions on subletting. The market rate units will have no such controls, unless the condominium rules limit subletting.*
 - 18. How much workshop space will be available? We have approximately 30,000 sf of single level (8') space to apportion to rental storage or workshop. We may decide to make some workshop space double height (16') which would reduce the total area available.*
 - 19. Does the live-work space come with parking? One parking space will be included for each condominium unit.*
 - 20. I think you need to think about how to provide more storage space for the rental units. Yes, these units do not provide for much storage, however, again, we are talking about a cost issue. If people can afford more space, we are glad to provide it.*
 - 21. How will the ground floor commercial space be marketed? Our vision for this space is to provide it as an asset to the neighborhood. We would like to see the space at the corner of Hiawatha and Charles used for a neighborhood restaurant. Most of the commercial bays along Hiawatha will be 20 ft wide, and will be priced to attract local businesses or professional offices.*
 - 22. The unit costs seem good, but how do I know if I will qualify for the affordable units? I am afraid that I may be in a middle area, where I can't qualify for down-payment assistance, but I can't qualify for a conventional mortgage. Income eligibility for affordable units is a fairly complicated subject, and therefore, we need to know more about your household to let you know whether you qualify. The best thing to do would be to contact HomeSight directly for more information. We have worked with people in many different situations, and over a period of years, to help get them in a position to own their own home.*
 - 23. How much will the condominium dues be? We have not yet worked this out, however, usually dues are based on unit value or unit square footage.*
 - 24. How will the mutual housing tenants be able to raise enough equity to eventually purchase a home of their own? The City is hoping to implement a 10-year tax abatement program to provide an incentive for development in the Central Area. That tax savings may translate to approximately \$100/mo/unit. If we charge a standard rent, we hope to put up to the \$100/mo that usually would pay the property taxes into an escrow account, for the tenant to use (as it accrues over time) towards downpayment on a condominium or house.*
 - 25. What are you anticipating the market rate units will sell for? In today's dollars, we expect the prices to be between \$150,000 to \$160,000.*
 - 26. Will there be any community outdoor space available to the residents of the Arts & Loft building? The building will include a roof top garden terrace, and individual units on the top floor will have private decks. We also plan on having the condominium association own an*

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open space across Hiawatha at Charles. One of the benefits of this location is the easy access to the many parks located in the Central Area. I-90 lid park is one block away, and through the Central Park trail, there are connections to many other playgrounds and green spaces. There is also a Jackson Place community P-patch, and our preliminary site plan included a garden space across Hiawatha in the middle of the block (between the Cohousing and single-family homes).

27. Who are your targeted buyers for the market rate lofts? *These units will not be restricted to artists. We would like to try and market them to people who's work is associated with the arts, for example arts administrators. Where there are subsidies to the units in the Arts & Lofts building, the intent is to provide those to artists.*
28. How do you restrict your units to artist with fair housing laws that don't allow for discrimination? *Pioneer Square CDO is consulting on the project, and has experience managing artist live-work space in Pioneer Square. They recently rented up Harbor Lofts, which is exclusively for artists. The tenants reflect the cultural diversity of the region. Artists are not a protected class, so as long as we do not discriminate against someone based on race, gender, or other protected status, we have not broken fair housing laws. In order to be selected to be a resident of the Arts & Lofts (mutual housing or affordable condos) prospective residents will go through a selection process and will need to demonstrate that they are an artist. Their primary income does not need to be derived from their artwork, however. Artists in the Central Area will help to define what it means to be an artist for this project. Local artists that are interested in getting involved, should contact Kurt Feichtmeir at (206) 764-9237. Icon is setting up a Web page which should be in operation by early next year and will have more information about Arts & Lofts. The home page will be "iconpentron.com".*
29. How does HomeSight's downpayment assistance work? *Downpayment Assistance is a loan, but borrowers do not start paying it down until year eight, when it is likely that they have built enough equity in the home to no longer need to pay the monthly mortgage insurance. The monthly mortgage payment does not change dramatically, as the funds previously spent on mortgage insurance are used to start paying down the second mortgage.*
30. Will the unit be heated by electricity? *Yes.*

Parcel 4 *(West side of Davis Place S between S Dearborn and S Charles St.)*

Davis Place Townhomes, Icon and HomeSight

A mixture of 13 affordable townhomes and 3 single-family, market-rate homes. Each unit is provided with an attached one car parking garage. Preliminary development budget includes architectural lighting along Davis Place S. Estimated Sales Prices are (in 1998 dollars) \$135,000 to \$145,000 for townhomes (up to 80% of median income which is approx. \$31,000/yr for single-person household; \$36,000/yr for 2-person household; \$40,000/yr for a 3-person household), and approximately \$198,000 for the single-family homes (up to 120% of median income which is approximately \$49,000/yr for a 1-person household, \$56,000/yr for a 2-person household, and \$63,000/yr for a 3-person household). Townhomes will be from 1, 200 to 1, 300 sf and single-family houses will be approximately 1,800 sf with an average lot size of 2,676 sf. Total development cost is projected to be approximately \$2,441,713.

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Questions about Davis Place Townhomes:

1. Are the three single-family homes connected? *No, each of the three houses is detached, on it's own lot, and they are accessed via a driveway off of Charles St. The design of the homes is similar to the Irving St. houses developed by Icon/Pentron and HomeSight, on MLK.*
2. How large are the townhouse units? *These will range from 1200 for the two bedrooms to 1300 square feet for the three-bedroom units.*
3. Does a buyer need to have a family to purchase a unit? *No, single people who are income qualified have purchased many of our homes.*
4. With shared walls, how much natural light is there in the townhouses? *The townhouses have windows on the east and west sides of the unit, which provides nice opportunity for daylight.*
5. Why are the townhouses designed to have parking garages off of Davis Pl.? *The soils condition makes excavation difficult because of artesian water that is just below the surface in much of the site. The Cedar River Pipeline that runs diagonally through the full block can not bear the load of automobile traffic. Therefore, the engineering and construction costs associated with placing the parking below the units and accessed off Davis Place or off of Charles would add tremendously to the unit cost, which would impact the affordability and likely the salability of the units.*
6. Does one need to purchase a HomeSight house in order to use the downpayment assistance? *Not necessarily, 1) if you are looking to purchase a house in the Central Area, South East Seattle, Duwamish, or Downtown, 2) you are income eligible, 3) you have completed the HomeSight program, and 4) the unit price is below our cost caps, you may use the downpayment assistance for the purchase of a house on the standard real estate market.*
7. When will the construction for the Davis Place Townhomes start? *Part of the property is on a steep slope, so construction will be limited to April 1 to October 1 during a particular year. We would like to start excavation to in 1999. The Davis Place portion of the project could be permitted quickly, and we are interested in moving it forward. Proceeding with this project as a first step will not delay the Arts and Lofts start date, both projects could proceed simultaneously.*
8. How fast do HomeSight homes sell? *Our homes sell very fast, we usually sell units before construction starts.*
9. Once a person has purchased a home from HomeSight, can they sell it? *Yes, HomeSight has the first right of refusal, and we hope to be able to buy back the home at a market rate, and resell it with downpayment assistance. We do not believe that a homeowner is served by restrictions to the sale price, it is not a limited equity transaction.*

Comments on the Hiawatha Place Redevelopment Plan:

1. It is exciting to see what is being presented here tonight. As Jackson Place residents, we are excited about the potential this redevelopment proposal offers our neighborhood. For those of you that are interested in moving to the neighborhood, we have an active community council with a tool bank, a P-patch, and are working on many other neighborhood projects. If you want to hear more about the community, feel free to talk to me (Ken Coleman, Co-chair of the Jackson Place Community Council). For five years we have been looking forward to Hiawatha Place becoming the focal point of our community,

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and from tonight's meeting, it looks like it is going to happen. The neighborhood has been lobbying strongly for an RTA stop at Poplar which is near Rainier and I-90, and one block away from the Hiawatha Place development.

2. Seattle City Light is working to improve energy efficiency, and as a result is focussing more attention on sustainable development, and resource conservation. The City has funds available to increase insulation, and upgrade to more energy efficient windows.
3. I am excited by how many artists came this evening. It demonstrates the need for, and interest in affordable artist live/work space in the city. I have been watching artists being displaced from the city, and realize that the large lofts that once were available, are extremely rare. I receive between 5 to 10 calls a day from artists that are looking for affordable space. There are 300-500 artists working in Pioneer Square, many in danger of being displaced, as their buildings are sold, or slated for redevelopment. Artists cannot afford the market rents, or the condo prices being offered for the renovated units, and are being pushed out of the community.
4. My wife is an artist, and we are very excited about this project, and hope to be a future resident.
5. I am glad to hear about these affordable live/work loft units, as I myself have fallen victim to displacement.
6. I have recently developed a work space for artists, that does not include live space. I have discovered unwillingness on the part of some artists to compromise in order to occupy a legal unit. Somehow, we need to have a meeting in the middle, where artists can occupy safe affordable space, and be willing to compromise on unit size, or storage. Also, leases need to protect the safety of all tenants, so if an artist needs to use toxic chemicals, they need to be willing to go to an appropriate place to work with those chemical. Basically, we as artists need to be reasonable in what we expect, recognizing that creating spaces for artists is very expensive, and provides a relatively low return on investment to a developer.
7. Tolerance is an important part of being a good neighbor. I am a part of the Fremont Foundry that provides a wonderful situation. It would be great if these types of projects included gallery space for the residents to provide opportunities for them to market their work. We need more cooperative ventures in other neighborhoods. Being open-minded helps make things work.
8. I am excited about the project. I have been struggling to hold onto my cottage industry with increasing rents, and this timeline gives me three years to prepare financially.

SEATTLE COHOUSING

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "Agreement") is made as of _____ 1999, by and between the City of Seattle, a municipal corporation of the State of Washington (the "City"), and Seattle Cohousing, LLC, a Washington Limited Liability Corporation, ("Purchaser"), whose address is 3040 - 164th Place NE, Bellevue, WA 98008.

WITNESSETH:

WHEREAS, the City obtained ownership of certain parcels known as the "Dearborn-Hiawatha Properties" from the State of Washington, the Seattle Housing Authority, King County, and private individuals ; and

WHEREAS, on January 23, 1989, by Resolution No. 27901, the City adopted the I-90 Area Development Policies which Policies were amended on December 11, 1995, by Resolution 29258; and

WHEREAS, the City's Ordinance No. 117612 dated April 24, 1995, directed the Department of Neighborhoods, in coordination with the Department of Housing and Human Services and the Office of Economic Development and in consultation with the Jackson Place Community Council, to proceed with the planning for the redevelopment of the Dearborn-Hiawatha Properties; and

WHEREAS, the City desires to promote affordable home ownership and economic development in the Jackson Place Community, consistent with the City of Seattle Comprehensive Plan adopted July 25, 1994 and 1999-2000 Consolidated Plan adopted Sep 21, 1998, and amended Feb 8, 1999 ; and

WHEREAS, to provide flexibility in the planning process, the Seattle City Council would consider a proposed redevelopment plan which may not be consistent with currently approved I-90 Area Development Policies but reflects the Jackson Place Community's vision for these properties; and

WHEREAS, the City Council passed Ordinance 119318 which rezoned the property from C-1 (40) to NCR3(40) as recommended by the Jackson Place Community Council through the Central Area Neighborhood Plan; and

WHEREAS, by Resolution 29707 dated March 2, 1998, the Seattle City Council approved the issuance of the Request for Developer Qualifications and Preliminary



Proposals dated March 16, 1998 (the "RDQ"), which specified the goals and process for disposition of the "Dearborn-Hiawatha Properties"; and

WHEREAS, the City has conducted a competitive process through the RDQ;
and

WHEREAS, in response to the RDQ, Purchaser, in conjunction with HomeSight and Icon Architecture, Ltd, which entities are not parties to this Agreement, submitted a proposal dated July 6, 1998 (which shall be hereinafter referred to as the "Proposal") to acquire the Property (defined below) and construct thereon a condominium to be operated and administered as a cohousing development; and

WHEREAS, the Director of the Department of Neighborhoods of the City has determined that the Proposal is complete and responsive to the RDQ; the Proposal has been reviewed and evaluated by the City's Developer Selection Committee; and the Mayor has recommended that the Proposal be accepted; and

WHEREAS, the City Council passed Ordinance _____ transferring jurisdiction of the Dearborn-Hiawatha property and the authority for the sale of the designated parcels from the Department of Neighborhoods to the Office of Housing;
and

WHEREAS, by Ordinance _____, dated _____, the Seattle City Council accepted the Mayor's recommendation that the Proposal to purchase and develop the Property be accepted; authorized the Director of the Office of Housing ("Director") to execute, deliver and administer a real estate purchase and sale agreement, which is this Agreement; and designated the disposition of sales proceeds;
and

WHEREAS, the City believes that the redevelopment of the Property pursuant to this Agreement, and the fulfillment, generally, of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable federal, state, and local laws and requirements under which the redevelopment project has been undertaken; and

WHEREAS, Purchaser has submitted to the City the Proposal, which contains the proposed initial plans ("Conceptual Design") describing the redevelopment project and its architectural character, the provisional allocation of residential and community space, and the relationship to the surrounding environment of the Improvements to be developed on the Property;

Now, therefore, the parties hereto, for and in consideration of the promises and mutual obligations herein undertaken, do hereby agree as follows:



PART I – PURCHASE AND SALE

Section 1. Agreement to Convey Property

Subject to all of the terms and conditions of this Agreement, the City agrees to sell and convey to Purchaser that certain real property located in the City of Seattle, commonly known as Parcels 3 and 4a of the Dearborn-Hiawatha Properties, and legally described on the attached Exhibit I (the "Property"), and generally located as shown on the map attached hereto as Exhibit II. The conveyance shall be made subject to the reserved easement contained as Exhibit A to the Special Warranty Deed (on the attached Exhibit IX).

Section 2. Payment of Purchase Price

Purchaser agrees to pay to the City the sum of Seventy Two Thousand Dollars (\$72,000.00, the "Purchase Price") for the Property. The Purchase Price is payable at Closing (as provided in Section 8 below) in cash, by wire transfer, or by cashier's check. The Earnest Money Promissory Note shall be returned by the City to the Purchaser upon payment of the Purchase Price and completion of Closing.

Section 3. Conveyance

Upon (i) the payment of the sum provided in Section 2, and all other amounts required to be paid by Purchaser hereunder; and (ii) the satisfaction of the conditions set forth in this Agreement, the City shall convey title to the Property, by special warranty deed in the form attached hereto as Exhibit IX (the "Special Warranty Deed"), which is hereby approved as to form by Purchaser.

Section 4. Title Insurance

The City shall at its expense provide Purchaser with an ALTA Standard Coverage Owner's policy of title insurance, issued by Pacific Northwest Title Company of Washington, Inc. ("Title Company") in the amount of the Purchase Price of the Property, insuring Purchaser as the sole fee title holder as to the Property.

Purchaser has reviewed a preliminary title commitment (individually and collectively, the "Title Commitment") from Pacific Northwest Title Company, Order no. 325770, dated October 13, 1997, as supplemented through supplement no. _____ dated _____, along with all documents referenced in the Title Commitment (Exhibit IV). Any claims, liens, encumbrances and defects (collectively, "Permitted Exceptions") shown thereon are hereby approved and accepted by Purchaser. Prior to the date of closing, the City shall not further encumber the property, or permit additional encumbrances to attach to the Parcel. Upon receiving notice of the closing date from the Purchaser, the City shall provide at its expense one title update or supplement to the purchaser, to cover the period from the preliminary title commitment dated October 13, 1997 up to a date one week prior to closing. If title to the Property is not insurable at Closing of the Property free and clear of all liens ("Liens"), except for the Permitted

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Exceptions, then the parties may, by mutual written agreement, (i) extend the Closing of the Property for up to an additional one hundred eighty (180) days to allow the City or, at Purchaser's option, the Purchaser, to remove such Liens , or (ii) terminate this Agreement as provided herein, provided, the City shall return the original Earnest Money Promissory Note to Purchaser , or (iii) continue this Agreement and Purchaser may purchase the Property as otherwise provided in this Agreement.

Purchaser may obtain additional title insurance coverage beyond the standard coverage provided by the City, and Purchaser shall pay any difference in the cost between the standard coverage policy and the increased premium related to the increase in coverage.

Section 5. Conditions Precedent

The following shall be conditions precedent to the City's obligation to convey the Property:

- a) Purchaser shall have obtained approval from the Director for the Landscaping Plan for the Property.
- b) Purchaser shall have obtained a Master Use Permit ("MUP") for the Improvements described in the Conceptual Design (Exhibit VI) as revised and approved by the Director in writing.
- c) Purchaser shall have obtained a grading permit for the Improvements from DCLU.
- d) Purchaser shall provide evidence satisfactory to the City that Purchaser has the necessary financing to fund the construction of the improvements as provided in Section 307.
- e) Purchaser shall have obtained approval from the Director of the final development schedule as provided in Section 310.
- f) Purchaser shall have provided satisfactory evidence to the Director that it has executed contracts for architectural and construction services.
- g) Purchaser shall have deposited with Pacific Northwest Title Company (the "Escrow Agent") for delivery to the City, the sum of money required to pay the Purchase Price of the Property as stated under Section 2 of this Agreement and all other amounts payable by Purchaser hereunder in cash or cashiers check or by wire transfer.
- h) Purchaser's representations contained herein shall be true as of the Closing of the Property.
- i) Purchaser shall otherwise be in compliance with all of the terms hereof.



The following shall be conditions precedent to Purchaser's obligation to purchase the Property;

- a) Purchaser shall have obtained a MUP for the Improvements.
- b) Purchaser shall have obtained approval from the Director for the Master Use Application and the Landscaping Plan for the property.
- c) The City shall have deposited with the Escrow Agent the Deeds and all other documents and instruments necessary to transfer fee title in the Property.
- d) At Closing of the Property, title to that Property shall be free and clear of all Liens except for the Permitted Exceptions.
- e) Purchaser shall have obtained a Financing Commitment for the project.
- f) The City's representations contained herein relating to the Property shall be true as of Closing of the Property.
- g) The City shall otherwise be in compliance with all of the terms hereof.

Section 6. Earnest Money

Immediately upon execution of this Agreement, Purchaser shall deliver to the City the earnest money promissory note ("Earnest Money Promissory Note", Exhibit VII) in the amount of Seven Thousand Two Hundred Dollars (\$7,200.00), which is ten percent (10%) of the Purchase Price. The Earnest Money Promissory Note shall be payable by Purchaser and personally guaranteed by William J Sellars, and shall be held by the City until such time as Purchaser becomes entitled to return of the Earnest Money Promissory Note under the terms hereof, or until the City becomes entitled to the payment of such Earnest Money promissory Note under the provisions of this Agreement.

Section 7. Release and Quitclaim of Rights to Abutting Alley.

Purchaser, its heirs, successors and assigns, agrees to release, convey, and quitclaim to the City, its successors and assigns, all rights, title, and interest to the alley described in Exhibit II. Purchaser shall execute the quit claim deed ("Quit Claim Deed", Exhibit X) and the Quit Claim Deed shall be recorded following the recording of the Special Warranty Deed (Exhibit IX) transferring title to the Property as provided by Section 8(D). If requested by the City, Purchaser, its heirs, successors and assigns, shall join with the City in petitioning for vacation of the alley after the completion of development of the Property. It is the intent of the Purchaser, on behalf of its heirs, successors and assigns, that the recording of the Quitclaim Deed shall vest in the City all title, right and interest in the alley, and the rights so conveyed shall not be divested by any future process brought for the vacation of the alley.

Section 8. Closing



A. "Closing" shall mean the execution, delivery and recording (as appropriate) of all documents and payment of all funds into escrow as provided herein.

B. Closing shall take place on such date as the Purchaser shall specify in a written notice to the City, which written notice (i) shall be delivered to the City at least ten (10) days in advance of the closing date specified in such written notice, and (ii) may be given at any time after all conditions required herein to be satisfied prior to Closing, other than deposit of funds, have been satisfied, but in any event closing shall occur no later than July 1, 2000. Purchaser is allowed two closing extensions, subject to the approval of the Director, to (a) July 1, 2001 and (b) July 1, 2002. The Purchase Price shall be increased by seven hundred twenty dollars (\$720.00) per month (1% of Purchase Price) for each month that closing is delayed beyond July 1, 2000.

C. At least seven (7) days in advance of Closing, the City and Purchaser shall each deliver to the Escrow Agent for deposit into escrow, with a copy to the other party, all of the documents, instruments, promissory notes, monies and instructions necessary to complete the transfer of said Property pursuant to the terms of this Agreement, each document, instrument and instruction bearing all the original signatures called for therein. Such documents, instruments and instructions include, without limitation, the Deeds and the parties' respective escrow instructions, if any. The Escrow Agent shall hold all of these documents, instruments, promissory notes and monies in escrow and shall not release or return them, except pursuant to the written instructions of both the City and Purchaser.

D. At Closing, the Escrow Agent shall be instructed to record the Special Warranty Deed (Exhibit IX) first. After, and only after the recording of the Special Warranty Deed, the Escrow Agent shall cause the Quit Claim Deed (Exhibit X) to be recorded. The Escrow Agent shall instruct the King County Office of Records and Elections to mail the original of the Special Warranty Deed following recording, to the Purchaser as grantee. The Escrow Agent shall, following recording, mail to the City as grantee, the original Quit Claim Deed.

E. The escrow fee charged in connection with this closing shall be paid one-half each, by the Purchaser and the City. Any taxes, assessments or public charges that are payable with respect to the Property during the City's ownership thereof shall be prorated and paid by the City as of Closing. Purchaser shall pay the cost of recording the deeds and any documents required by Purchaser's financing.

F. At Closing, Purchaser shall pay to the City, through the Escrow Agent, a cash deposit of three thousand six hundred dollars (\$3,600.00) an amount equal to five percent (5%) of the Purchase Price ("Completion Deposit") as security for completion of the Improvements to be constructed. The Completion Deposit (as defined in Section 314) shall be returned to Purchaser upon receipt by Purchaser of a Certificate of Completion for said Improvements. This Completion Deposit shall be held in the City Department of Finance Clearing Account until such time as the Purchaser becomes entitled to return of such Completion Deposit under the terms hereof, or until the City



becomes entitled to retain such Completion Deposit under the provisions of this Agreement. Purchaser shall not be entitled to interest on the Completion Deposit.

G. The City shall submit the Earnest Money Promissory Note to the Escrow Agent who shall surrender it to the Purchaser in exchange for payment of the Purchase Price as described in Section 2 of this Agreement

H. If the sale fails to close due to fault of one of the parties, as described in Sections 702 and 703 of Part II of this Agreement, then such party shall be solely responsible for all escrow and title insurance cancellation charges. If the sale fails to close by the date set forth in subsection A above for reasons other than those set forth in Sections 702 or 703, then the Earnest Money Promissory Note shall be returned to Purchaser, and the Purchaser shall pay one half of any escrow or title insurance cancellation charges and the City shall pay one-half from the City's own funds.

Part II - DEVELOPMENT

SUBPART 100 - COMPLIANCE WITH CONCEPTUAL DESIGN

Section 101. Compliance with Proposal and Conceptual Design; Improvements

Purchaser shall develop the Master Use Permit application substantially as shown in the Conceptual Design (Exhibit VI) or as otherwise approved in writing by the Director, and in compliance with all applicable state and local laws and regulations. The improvements to be constructed on the Property, more specifically to be described in the Construction Documents to be submitted to DCLU and Office of Housing by Purchaser as provided hereunder, are referred to as the "Improvements."

SUBPART 200 - ACCEPTANCE, CONDITION AND POSSESSION OF PROPERTY

Section 201. Acceptance AS IS

Purchaser acknowledges and agrees that (i) the City has provided Purchaser with a Phase I environmental assessment with regard to the Property, dated April 1991, prepared by Parametrix Inc., and a Report of Geotechnical Investigation and Modified Environmental Assessment with regard to the Property, dated July 1, 1996, prepared by PacRim Geotechnical, Inc. (together the "Environmental Assessment"), (ii) Purchaser has been informed that Giant Hogweed, a King County designated noxious weed has infested portions of the Property, and information describing the property owner's responsibilities associated with such weeds are attached hereto in Exhibit V; (iii) Purchaser has been afforded the opportunity to make such investigations and inspections of the Property and of the City's records with respect to the Property and matters related thereto as Purchaser desires, (iv) Purchaser has entered into this Agreement on the basis of its own investigation of the physical condition of the Property, including subsurface conditions. Purchaser further specifically acknowledges



and agrees that notwithstanding any prior or contemporaneous oral or written representations, statements, documents, reports, studies or communications of the City, this Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous oral or written representations, statements, documents, reports, studies or communications. In addition, Purchaser specifically acknowledges and agrees that EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THIS AGREEMENT, THE CITY DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY OR ANY RELATED MATTER are sold to Purchaser in an "AS IS" condition as of Closing and, except as specifically set forth in Section 202 hereof, Purchaser assumes the risk that adverse physical conditions may not have been revealed by its investigation, (v) Purchaser explicitly took into account such risk in its decision to enter into this Agreement on the terms set forth herein, and (vi) except as otherwise provided herein, Purchaser will accept title to the Property in their AS IS condition subject to all defects and conditions, including such defects and conditions, if any, that may not have been revealed by Purchaser's investigation.

Section 202. Changes in Condition

1. Purchaser has inspected the Property in its present condition as of the date of this Agreement and such inspection has not disclosed any physical condition that would materially impair the development thereof as contemplated hereunder.

2. If Purchaser or the City becomes aware of any change in the physical condition of the Property or any portion thereof after the date of this Agreement that would materially impair the feasibility of the project as contemplated hereunder or would substantially increase the hard construction costs of the project (a "Changed Condition"), such party shall within ten (10) days of becoming aware of such Changed Condition notify the other party in writing of such Changed Condition.

- a) If the Changed Condition is caused by Purchaser or its agents, employees, or contractors, Purchaser shall restore the Property to its prior condition.
- b) If the Changed Condition is caused by the City or its agents, employees or contractors, the City shall at its discretion (i) restore the Property to its prior condition and reimburse Purchaser for Purchaser's damages caused by the Changed Condition or the City's restoration of the Property, or (ii) terminate this Agreement by written notice to Purchaser, return the Earnest Money Promissory Note, and reimburse Purchaser for all out-of-pocket costs directly related to development of the Property and incurred by Purchaser from August 24, 1998, the date of preliminary developer selection, through the date on which the City notifies Purchaser in writing of its election of termination.
- c) If neither Purchaser nor the City is responsible for the Changed Condition, which may include, but shall not be limited to the discovery of pre-existing Hazardous Substances on the Property, then (i) if, within fifteen (15) days after



the City sends or receives written notice of the Changed Condition, the City gives written notice to Purchaser that the City elects to remedy the Changed Condition, then this Agreement shall remain in effect and the City shall remedy the Changed Condition prior to Closing, or (ii) if the City does not give written notice of such election within said fifteen (15) days, then Purchaser shall have the option, by written notice to the City no later than fifteen (15) days after sending or receiving notice of the Changed Condition to terminate this Agreement and the City shall return the Earnest Money Promissory Note, in which case neither party shall have any further obligation or liability, of any kind whatsoever, to the other under this agreement.

3. Any written notice from Purchaser to the City hereunder that Purchaser is prepared to close the purchase of the Property shall constitute Purchaser's representation that it has reinspected the Property and agrees to accept it in its condition on the date of such notice, whether or not such condition has changed from the date hereof.

4. Purchaser has been advised that improvements will be required to the existing infrastructure, including but not limited to utilities serving the Property, but the extent of such required improvements to the infrastructure has not been determined. If, prior to the Closing of the Property under this Agreement, Purchaser determines in its sole discretion that the cost to Purchaser of required infrastructure improvements will exceed the two hundred thousand dollars (\$200,000) initially estimated, and will materially impair the feasibility of the project, as contemplated hereunder or will substantially increase the hard construction costs above, Purchaser shall have the option, as Purchaser's sole recourse, to terminate this Agreement by written notice to the City and receive the return of Earnest Money Promissory Note, and thereafter neither party shall have any further obligation or liability, of any kind whatsoever, to the other under this Agreement.

5. Together with any notices required under this Section, the parties shall, to the extent they have not already done so, provide the other party with a copy of any reports or findings that disclose the Changed Condition or describe how such Changed Condition would in fact materially impair the development of the Property as contemplated hereunder, or would substantially increase the cost of such development.

Section 203. Possession

Purchaser shall be entitled to exclusive possession of the Property (subject to the rights of the City contained herein) upon recording of the Special Warranty Deed.

Section 204. Right of Entry

The City hereby grants to Purchaser and Purchaser's employees, agents and contractors, the right as of the date of this Agreement to enter upon the Property from time to time, prior to any termination of this Agreement, for the purpose of conducting therein and thereon such inspections and studies as Purchaser may reasonably deem necessary or appropriate with respect to developing the Improvements, but only in accordance with the conditions described in Exhibit VIII.



Section 205. Indemnification.

Purchaser hereby agrees to release and forever discharge, indemnify, defend and hold the City, and its elected officials, employees and agents, harmless from and against any and all liability, including without limitation any claims, liability, costs, damages or fees (including but not limited to reasonable attorneys' fees and costs) incurred as a result of or in connection with Purchaser's entry onto any portion of the Property owned by the City, or the adjacent pipeline corridor, including but not limited to Purchaser's release of any Hazardous Substances thereon. The term "Hazardous Substances" shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined or listed by any federal, state or local statute, regulation or ordinance pertaining to the protection of human health or the environment and shall specifically include petroleum oil and its fractions.

Section 206 Remediation by City Prior to Closing

Purchaser has commissioned a Phase II Subsurface Soil Investigation of the Property by PBS Environmental, the results of which are summarized in a letter dated March 31, 1999 which states that PBS found no evidence of significant soil contamination in the areas investigated. If during the period after execution of this Agreement and prior to the closing on the Property, Purchaser discovers and gives written notice of the location of underground storage tanks ("UST") located on the property, the City shall cause to be removed, or shall credit against the Purchase Price the expenses incurred by Purchaser that are pre-approved by the City in writing not to exceed fifteen thousand dollars (\$15,000), for removal of all underground storage tanks discovered on the Property, for cleaning or removing any soils contaminated with Hazardous Waste, and the cost of any report required to certify the successful removal of the UST's and the contaminated soils that may be required by law. In addition, the City will provide one site clean-up, in close proximity to the closing date, and upon request by the Purchaser, whereby all garbage and waste visible from a non-intrusive inspection of the soils, located on the Property will be removed from the site at the City's sole cost, which costs shall not exceed the maximum amount of fifteen thousand dollars (\$15,000.00) provided above.

Section 207. Construction Agreement

The City owns and maintains the Cedar River Pipeline #3 that is located below ground in the sixteen (16) foot alley that runs north-south immediately to the east of the property. Purchaser agrees to follow the terms and conditions in the construction agreement ("Construction Agreement", Exhibit XI) in planning for and constructing the Improvements on the property.

SUBPART 300 - PLANS, APPROVALS, FINANCING AND CONSTRUCTION

Section 301. Community Meetings on Conceptual Design



If so requested by the Director, Purchaser agrees to attend one or more community meetings to present the Conceptual Design and hear comments from neighboring residents and businesses, which comments shall not be binding upon Purchaser or require Purchaser to amend the Conceptual Design or other documents relating to the Improvements.

Section 302. MUP Design, Approval of MUP Design by the Director; Master Use Permits

Within one hundred eighty (180) days of the date of this Agreement, Purchaser shall prepare and submit to the Director plans and specifications with respect to the construction of the Improvements (the "MUP Design") substantially as shown in the Conceptual Design or as revised and approved in writing by the Director, and in sufficient completeness and detail for application for issuance of a Master Use Permit for the Improvements by the City's Department of Construction and Land Use ("DCLU"). The MUP Design shall include a landscaping plan ("Landscaping Plan") showing details of layout and plant materials on the Property. If the MUP Design conforming to this Agreement are not submitted within such period, the City shall have the right, by notice to Purchaser and Escrow Agent, to terminate this Agreement, in which case the Earnest Money shall be retained by the City as liquidated damages, as the City's sole and exclusive remedy.

The Director shall review the MUP Design solely for the purpose of determining whether it substantially conforms to the Conceptual Design. The scope of the Director's review may include urban design issues such as massing, exterior materials, exterior details, landscaping and public amenities. The MUP Design and the Landscaping Plan shall be subject to review and approval by the Director, which approval is a condition to Closing. If the MUP Design does not thus conform, the Director shall so notify Purchaser in writing, providing a statement of the specific reasons for the rejection of the submitted MUP Design. In such event, Purchaser may submit a revised MUP Design to the Director for the purpose set forth above. If the revised MUP Design fails to substantially conform to the Conceptual Design, the Director shall so notify Purchaser in writing, providing a statement of exactly what changes the Director believes are required to bring the MUP Design into substantial conformance with the Conceptual Design. The Purchaser may within sixty (60) days thereafter submit a second revised MUP Design. If Purchaser fails to submit such a second revised MUP Design or the second revised MUP Design does not substantially conform to the Conceptual Design, then the City may terminate this Agreement by written notice to Purchaser and the Escrow Agent, such written notice of termination to be provided within fifteen (15) days of receipt of the second revised MUP Design, in which case the Earnest Money Promissory Note shall become immediately due and the funds secured by the Note shall be retained by the City as liquidated damages and as the City's sole and exclusive remedy, and neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement.

The Conceptual Design shall be superceded by the MUP Design upon the Director's approval of the MUP Design. Notwithstanding Director's approval of the MUP



Design, the City may require the MUP Design to be further revised as required by DCLU through the Design Review, MUP and Building Permitting process.

Section 303. Construction Documents

Purchaser shall prepare plans and specifications with respect to the construction of the Improvements (the "Construction Documents") substantially as shown in the MUP Design approved in writing by the Director and in compliance with all applicable state and local laws and regulations and in sufficient completeness and detail for application for a building permit for the Improvements to DCLU. The application for a building permit submitted to DCLU by Purchaser relating to the Improvements shall include the Construction Documents for those Improvements. Purchaser shall submit the Construction Documents for the Property to the Director at the same time as Purchaser submits those Construction Documents to DCLU.

Section 304. Changes in MUP Design

If Purchaser desires to make any material changes to the MUP Design that would result in the MUP Design not conforming in material respects to the Conceptual Design, Purchaser shall submit the proposed changes to the Director. If the Director finds that the MUP Design as modified by the proposed changes, will materially conform to Conceptual Design, the Director shall approve the proposed changes and evidence her approval by endorsement of the same on the revised plan sheets and by notifying the Purchaser.

If the Director finds that the proposed changes to the MUP Design does not materially conform to the Conceptual Design, the Director, in the exercise of her reasonable discretion, may reject the proposed changes. If the Director rejects the proposed changes, the Director's written notice of such rejection shall contain a statement of the specific reasons for such rejection, and the Purchaser may within thirty (30) days submit a revision of the proposed changes, which the Director shall review within fifteen (15) days of receipt. If the revised proposed changes satisfy the Director's objections stated in the Director's prior written notice of rejection or otherwise satisfy the criteria set forth above, the Director shall approve the revised proposed changes and evidence her approval by endorsement of the same on the revised plan sheets and by notifying the Purchaser.

If the revised proposed changes do not satisfy the Director's written objections or the criteria set forth above, the Director may reject the revised proposed changes. If the Director rejects the revised proposed changes, the Director's written notice of such rejection shall specifically state the changes required by the Director for approval of the revised proposed changes. The Purchaser may thereafter submit second, revised proposed changes. If Purchaser fails to submit such second, revised proposed changes or if the second, revised proposed changes do not satisfy the criteria set forth above, then the City may terminate this Agreement by written notice to Purchaser and the Escrow Agent, such written notice of termination to be provided within fifteen (15) days of receipt of the second, revised proposed changes, in which case the Earnest



Money Promissory Note shall be immediately due and payable and the amount paid retained by the City as liquidated damages, and neither party shall have any further claim, liability or obligation, of any kind whatsoever, to the other under this Agreement.

Section 305. Grading Permit

As a condition precedent to the City's obligations to sell the property to the Purchaser, a grading permit for construction of the Improvements must be issued by DCLU.

Section 306. Timely Review of Plans and Other Documents Requiring City Approval

If any transmittal or submission of the MUP Design and Landscaping Plan, or other documents requiring City approval contains conspicuous notice on the first page thereof that said plans or documents are subject to a fifteen (15) day time limit for Director review, and if, within fifteen (15) days of receipt, the Director does not give Purchaser written notice of rejection of or any changes to said plans required for conformity as allowed under this Agreement, then the plans as transmitted to the Director shall be deemed approved.

Section 307. Financing Commitment

As a condition precedent to the City's obligations hereunder, Purchaser shall provide Office of Housing a financing commitment from the Lender(s) and/or Investors(s) that demonstrates to the reasonable satisfaction of the Director that Purchaser will obtain all financing necessary to complete the Improvements to be constructed on the Property in accordance with the MUP Design and the Construction Documents, and that no term of the Financing Commitment is in material conflict with the terms of this Agreement, the MUP Design, or the Construction Documents. If Purchaser fails to submit such commitment by the later of July 1, 2000, or the date of the allowed extension under Section 8(B), then the City may, by notice to Purchaser, terminate this Agreement, in which case the Earnest Money Promissory Note shall be returned to Purchaser and neither party shall have any liability hereunder.

If the City does not give written notice to Purchaser within fifteen (15) days after receipt of a copy of the Financing Commitment that the terms thereof do not meet the criteria set forth in this Section, then the City shall be deemed to have approved the terms thereof; provided Purchaser shall mark the copy with conspicuous notice of the 15 day period for review.

Section 308. Architectural and Construction Agreements

As a condition precedent to the City's obligations hereunder, the Purchaser shall submit evidence satisfactory to the City that the final contract for architectural services and the final contract for construction services have been executed by Purchaser.



Section 309. Environmental Audits

Purchaser acknowledges receipt of a copy of the Environmental Assessment for the Property (Section 201). The City does not warrant the accuracy or completeness of the Environmental Assessment. If Purchaser commissions its own environmental review of the Property, then Purchaser shall provide a copy thereof to the City.

Section 310. Final Development Schedule and Time for Construction

The Purchaser shall submit to the City the final schedule ("Schedule") to proceed with construction on the Property as a condition precedent to Closing. The construction start date and the completion date shall be subject to review and approval by the Director, which approval is a condition to Closing.

Purchaser shall diligently proceed to complete construction of said Improvements according to the Schedule, provided that reasonable extensions for delays shall be granted by the Director as a result of Force Majeure as provided for in Section 819, or as reasonably requested by Purchaser in writing. If the actual completion date is expected to exceed the Schedule completion date, Purchaser shall, in advance of exceeding the Schedule completion date, prepare a written project update to the Director, which explains the reasons for the delay, proposes a revised schedule, and a requests an extension to the schedule. The work shall at all times be subject to inspection by the City.

Section 311. Director's Authority to Approve Changes

Recognizing that the development process often requires revisions to the design of Improvements, and adjustments to the development schedule, the Director reserves the right to approve in writing reasonable changes to the Conceptual Design, the MUP Design, and the Schedule presented in this Agreement. Purchaser shall submit such revision to the Director with a request for approval and with a conspicuous notice of the 15 day period for approval. Failure of the Director to approve within 15 days of receipt shall be deemed acceptance by the Director of the revision provided changes requested by the Purchaser shall not substantially alter the project or unreasonably delay its completion.

Section 312. Report on Progress

Subsequent to the conveyance of the Property to Purchaser and until construction of the Improvements on the Property is complete as evidenced by issuance of a Certificate of Completion for the Property, the Purchaser shall, within ten (10) days of any written request by the City, forward to the Director a written report addressing the City's stated questions and/or providing the specific information requested relating to the actual construction progress of said Improvements.

Section 313. Purpose of Review of Plans and Inspection of Work



The work shall at all times be subject to inspection by Office of Housing on behalf of the City. Any inspection by Office of Housing, as provided in this Agreement is for the purpose of assuring that the Improvements substantially conform to the terms of this Agreement, the MUP Design and the Landscaping Plan approved by the Director. Such inspection shall not be construed as a representation or warranty to Purchaser or any third party that the Construction Documents are adequate for any purpose, that there has been or will be compliance on the part of any contractor or subcontractor with the Construction Documents, that construction has been or will be free from faulty material or workmanship, or as to any other matter. Purchaser shall cause this Section to be included in any contract for work into which Purchaser shall enter under this Agreement.

Section 314. Certificate of Completion of Improvements

The Certificate of Completion may be obtained only for the entire Property. Promptly after completion of the Improvements on the Property in accordance with the provisions of this Agreement and the approved MUP Design, as confirmed by an inspection by Office of Housing, the Director shall furnish Purchaser with a certificate of completion ("Certificate of Completion") substantially in the form attached hereto as Exhibit XII, for the Property upon which the Improvements have been properly completed. Purchaser shall follow the approved Landscaping Plan in all material respects in construction. Completion of the Landscaping Plan in accordance with said plan as approved shall be a condition to issuance of the Certificate of Completion. A Certificate of Completion shall be issued for the Property when the Purchaser has completed the Improvements pursuant to the Construction Documents and has cured any deficiencies noted by the City in its inspections. Delivery of a Certificate of Completion by the Director and the recording thereof by Purchaser shall be conclusive evidence of satisfaction of all of the obligations of Purchaser under this Agreement to construct the Improvements on the Property covered by such Certificate of Completion and of the termination of the condition subsequent in the Special Warranty Deed with respect to such Property. Upon delivery of a Certificate of Completion for the entire Property, unless the City has already exercised its right to retain the Security Deposit for a breach or default on the part of Purchaser, the Security Deposit shall be returned to Purchaser. A breach or default on the part of the Purchaser may be caused by unapproved delays to the completion of construction as provided in the Schedule, approved by the Director, as a condition precedent to this Agreement, and failing to complete the construction in accordance with the MUP Design, or the Landscape Plan.

Within seven (7) days after a written request by Purchaser to issue a Certificate of Completion, if the Director shall refuse or fail to provide a Certificate of Completion in accordance with the provisions of this Section 314 within such seven day period, the Director shall, within seven (7) days of Purchaser's written request, provide Purchaser with a written statement indicating in adequate detail in what respects Purchaser has failed to complete the Improvements in accordance with the provisions of this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the opinion of the Director, for Purchaser to take or to cause to be taken to obtain such



Certificate of Completion. When such acts or measures have been completed and the Director has reinspected the Improvements to confirm such completion, the Certificate of Completion shall be issued, and the Completion Deposit shall be refunded as provided in this Section. If Purchaser fails to complete such acts or measures within thirty (30) days of the Director's written statement, then the Completion Deposit related to such Improvements shall be paid to the City.

Section 315. Permits

The City acknowledges that the redevelopment of the Property and the requirements of this Agreement necessitate that Purchaser apply for and obtain certain permits and other similar authorizations, (collectively, the "Permits") from the City and other governmental agencies relating to the Property and the Improvements prior to Purchaser obtaining fee title to the Property. The City agrees that: (i) the failure of Purchaser to own fee title to the Property or any portion thereof shall not be a basis for rejecting Purchaser's application for or failing to issue any Permits; and (ii) that the City will provide information in a timely manner as requested by Purchaser which, information is required by the City and other governmental agencies in order to obtain the Permits.

The term "Permits" shall include without limitation Master Use Permits with SEPA, Neighborhood Design Review and Administrative Conditional Use; building permits; short plats and lot boundary adjustments and other similar authorizations and approvals; grading permits; shoring permits and public contract permits for work in public rights-of-way; and utility permits.

Except as otherwise provided in this Section, nothing in this Agreement is intended or shall be construed to require that the City exercise its discretionary authority under its regulatory ordinances to further the development of the Property, nor binds the City to do so. The City will process applications for permits as if such applications were made in the absence of this Agreement.



PART III – GENERAL

SUBPART 400 - REGULATORY CONDITIONS

Section 401 Non-Discrimination

The Purchaser shall not create barriers to open and fair opportunities for women and minority-owned businesses ("WMBEs ") to participate in contracts and to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services related to the development of the Property. In considering offers from and doing business with contractors and suppliers, the Purchaser shall not discriminate on the basis of race, color, creed, religion, sex, age, nationality, marital status, sexual orientation or the presence of any mental or physical disability in an otherwise qualified disabled person.

SUBPART 500 - PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

Section 501. Use of Improvements

Purchaser represents and agrees that the purchase of the Property is for the purpose of immediate development of a residential complex as represented in the Proposal and not for speculation in land holding.

Section 502. Transfer of Property and Assignment of Agreement

Purchaser represents and agrees that:

A. Purchaser has not made or created or suffered to be made or created any assignment, conveyance, mortgage, lease, trust, power or transfer, of any sort, of this Agreement or any interest herein, or any interest in or relating to the Property, or entered into any agreement or contract to do any of the foregoing and, except as otherwise provided in this Section or as authorized by Sections 601-605 or Section 704 herein, Purchaser shall not do any of the foregoing prior to issuance of a Certificate of Completion without the prior written approval of the City, which may be withheld in the City's sole discretion; provided that this Subsection A does not apply to leases of space within the Improvements to tenants.



B. In order to request City approval for any transaction of the type referenced in Subsection A above, Purchaser shall submit to the City all documents relating to the proposed transaction and such information concerning the proposed transferee as the City shall request. If the City approves the transaction, as a condition of such approval, the transferee shall assume all obligations of Purchaser hereunder and shall agree to comply with such other conditions the City may find desirable in order to achieve and safeguard the purposes of this Agreement.

C. In the absence of a specific written agreement by the City to the contrary, no transfer or approval thereof by the City shall be deemed to relieve Purchaser, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Improvements, from any of its obligations with respect thereto.

SUBPART 600 - MORTGAGE FINANCING; RIGHTS OF MORTGAGEES

Section 601. Limitation Upon Encumbrance of Property

Prior to the issuance of a Certificate of Completion for the Improvements, Purchaser shall not engage in any financing or any other transaction creating any mortgage or other encumbrance or lien upon the Property without the express written consent of the Director, except for (1) Mortgages contemplated under Section 605 and other financing documents substantially as contemplated in a Financing Commitment from the Lender(s), approved or deemed approved by the City pursuant to Section 307 hereof, for acquisition of the Property and construction of the Improvements (the "Approved Financing"); and (2) member liens as defined in Section 606 securing the repayment to members of the Purchaser for advances made by such members to assist the purchaser in fulfilling Purchaser's duties under this Agreement.

Purchaser shall notify Office of Housing in advance of any proposed financing other than the Approved Financing or Member Liens, secured by mortgage or other similar lien instrument, that Purchaser proposes to enter into with respect to the Property or any part thereof (the "Proposed Financing"), and shall promptly notify the Director of any encumbrance or lien that has been created on or attached to the Property, whether by voluntary act of Purchaser or otherwise. If the terms of the Proposed Financing are reasonably satisfactory to the Director, considering Section 307 hereof, the City shall, approve such Proposed Financing .

Section 602. Mortgagee Not Obligated to Construct

Notwithstanding any of the provisions of this Agreement to the contrary, the holder ("Holder") of any mortgage authorized by the Agreement ("Mortgage") (including any such holder who obtains title to the Property or any portion thereof as a result of foreclosure proceedings, or action in lieu thereof) shall in no case be obligated by the provisions of the Agreement to construct or complete the Improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in the



Special Warranty Deed be construed to so obligate such Holder; provided, that nothing in this Section or any other Section or provision of the Agreement shall be deemed or construed to permit or authorize any such holder to devote the Property or any part thereof to any uses, or to construct any improvements thereon, other than those uses or Improvements provided or permitted in the MUP, the Proposal and this Agreement.

Section 603. Copy of Notice of Default to Mortgagee

Whenever the City shall deliver any notice or demand to Purchaser with respect to any breach or default by Purchaser in its obligations or covenants under this Agreement, the City shall at the same time forward a copy of such notice or demand to each Holder of any Mortgage which Holder has been identified to the City in writing by Purchaser, at the last address of such Holder shown in the records of the City.

Section 604. Mortgagee's Option To Cure Defaults

After any breach or default by Purchaser under this Agreement, each Holder shall (insofar as the rights of the City are concerned) have the right, at its option, to cure or remedy such breach or default in accordance with the time periods in Section 701, and to add the reasonable cost thereof to the mortgage debt and the lien of its mortgage; provided, that if the breach or default is with respect to construction of the improvements, nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of Improvements on the Property (beyond the extent necessary to conserve or protect Improvements or construction already made) except for completion of the Improvements. In the case of any breach or default occurring after Purchaser shall have acquired the Property and shall have granted a mortgage or deed of trust in favor of Holder, Holder shall have an additional thirty (30) days to cure such breach or default after the expiration of any cure period allowed to Purchaser, and if the breach or default cannot reasonably be cured within such thirty (30) day period then the additional period of cure allowed to Holder shall be extended for such time by the City as is reasonably required to cure such breach or default, provided that Holder shall give notice of its intent to cure and commence cure within such thirty (30) day period and continue diligently to pursue such cure.

Section 605. Mortgage and Holder

For the purposes of the Agreement, the term "Mortgage" shall include a deed of trust or other instrument creating an encumbrance or lien upon the Property, or any part thereof, as security for a loan. The term "Holder" in reference to a Mortgage shall include any insurer or guarantor of any obligation or condition secured by such mortgage.



Section 696. Member Liens

Purchaser may grant to its individual and marital community members a security interest ("Member Lien") to secure repayment of any, capital contributions, advances, loans and down payments made by a member related to the member's proposed purchase of a residential unit to be constructed on the Property. Any Member Lien created by Purchaser shall be subordinated to the interest of the City and any Mortgage required for Approved Financing.

SUBPART 700 - DEFAULT AND REMEDIES

Section 701. Default

Except as otherwise provided in this Agreement, in the event of any default in or breach of this Agreement, or any of its terms or conditions, by any party hereto, or any successor to a party, such party (or successor) shall, upon written notice from the other, proceed immediately to cure or remedy such default or breach, and, in any event, shall complete such cure within sixty (60) days after receipt of such notice or such shorter period as may be provided herein. In case such action is not taken or not diligently pursued, or the default or breach shall not be cured or remedied within the time permitted hereunder, the aggrieved party may pursue any remedies available at law or in equity, subject to the specific limitations herein.

Section 702. Remedies Upon Default of City

Except as otherwise provided in this Agreement, in the event that, following the notice and cure period specified in Section 701, any of the following occurs:

- a) The City fails to tender conveyance of the Property or close on the Property in the manner required herein after satisfaction of the conditions provided in this Agreement and receipt of a notice to close from Purchaser as specified herein, and any such failure shall not be cured within sixty (60) days after notice from the Purchaser; or
- b) The City fails or refuses to approve Purchaser's MUP Design and Landscaping Plans pursuant to the terms of this Agreement without a statement of the reasons for such refusal; or
- c) The City otherwise fails or refuses to comply with the terms and conditions of or is in default or breach of this Agreement prior to Closing;

then at the option of Purchaser this Agreement shall be terminated, upon written notice to the City of such termination, Purchaser shall receive a full refund of the Earnest Money and Purchaser shall have the right, as its sole remedy, to proceed against the City for actual damages, limited to out-of-pocket costs directly related to development of the Property. As used herein, the term "out-of-pocket costs" excludes administrative



or overhead costs, legal fees, and also excludes consequential damages of any kind whatsoever, such as but without limitation lost profits, lost business opportunities or interference with business or contractual expectancies.

Section 703. Remedies Upon Default of Purchaser

Except as otherwise provided in this Agreement, in the event that, following the notice and cure periods specified in Section 701 prior to the conveyance of the Property to Purchaser any of the following occurs:

- a) Purchaser (or any successor in interest) assigns or attempts to assign this Agreement or any rights therein or in the Property without the express consent of the City; or
- b) Purchaser does not submit Construction Documents, as required by this Agreement, or obtain the permits necessary to allow construction, or in each case, in the manner and by the Closing date of this Agreement; or
- c) Purchaser, without legal excuse, gives notice that it will be unable or unwilling to close on the Property provided herein; or
- d) Purchaser, without legal excuse, does not tender the full consideration for and take title to the Property and perform all other obligations of Purchaser at Closing of the Property upon tender of conveyance by the City pursuant to this Agreement; or
- e) Purchaser, without legal excuse, fails to give written notice of intent to close on the Property pursuant to Section 8(b)(i) of Part I, hereof at least ten (10) days in advance of the last date for Closing of the Property specified in such Section notwithstanding the satisfaction of all conditions to Purchaser's obligation to close except those to be satisfied at Closing; or
- f) Purchaser, without legal excuse, otherwise fails to comply with the terms of or is in default or breach of this Agreement prior to Closing; or;
- g) There are multiple failures by Purchaser to comply in material respects with the terms and conditions of this Agreement and such failures are not promptly corrected to the satisfaction of the City,

then at the option of the City this Agreement and any rights of Purchaser or of any assignee or transferee in this Agreement or arising therefrom with respect to the City or the Property shall be terminated upon receipt by Purchaser of written notice of such termination, the Earnest Money Promissory Note shall become immediately due and payable and such sums secured by the Note shall be paid to the City as liquidated damages, as the sole and exclusive remedy available to the City, and neither Purchaser (or assignee or transferee) nor the City shall have any further rights against or liability to the other under this Agreement.



Section 704. Reversion of Title to City Upon Failure to Commence Construction or Complete Improvements or Certain Other Events Subsequent to Conveyance to Purchaser

A. The City is selling the Property for the purpose of the timely construction of Improvements as outlined in the Conceptual Design and as revised in the MUP Design and Construction Documents, in reliance on the representation of Purchaser that such Improvements will be constructed. Therefore, as set forth in the Special Warranty Deed, the conveyance of the Property to Purchaser shall be subject to a condition subsequent to the effect that in the event of failure to commence construction of or complete the Improvements pursuant to the Agreement, or upon the occurrence of other events described therein prior to completion of the Improvements, and after failure on the part of Purchaser to cure or remedy such failure or other event within the period (if any) and in the manner stated in the Special Warranty Deed, the City at its option may declare a termination of all the rights and interests in and to the Property conveyed by the Special Warranty Deed to Purchaser, and that such title and interests to and in the Property shall vest in the City, upon which all rights of Purchaser (and all persons claiming through Purchaser) in and to the Property and possession thereof shall cease; provided, that such condition subsequent and any reverting of title as a result thereof in the City (1) shall always be subordinate to and limited by, and shall not defeat, render invalid, or limit in any way; (i) the lien of any mortgage authorized by the City pursuant to this Agreement, and (ii) any rights or interests provided in this Agreement for the protection of the holders of such mortgages; and (2) shall not apply to the Property once the Improvements to be constructed have been completed in accordance with this Agreement and the Certificate of Completion has been issued

B. If the City exercises its right to revest title to the City pursuant to this section, the City shall return to Purchaser, without interest, all funds paid by Purchaser to the City for the Property, after deducting (1) any amounts used to pay off liens incurred or permitted by Purchaser, and (2) City expenses related to this transaction, including expenses, if any, of restoring the Property to a safe and marketable condition.

C. In addition to, and not in the alternative to, the City's power of termination and possibility of reverter as provided for above, the City shall have the right, at any time when the City would have the right to declare a termination of Purchaser's interest under the terms of the Special Warranty Deed, by notice to Purchaser and Escrow Agent, to elect to retain the Completion Deposit without any deduction, offset or recoupment whatsoever, as liquidated damages in the event of default, violation or failure of the Purchaser as specified in this section. If the City makes such election to collect the Completion Deposit, then Purchaser shall have an additional ninety (90) days beyond the deadline otherwise applicable to remedy the failure or event giving rise to the City's right to terminate Purchaser's interest, prior to effectiveness of any termination.

Section 705. Other Rights and Remedies of City; No Waiver of Delay



Either party shall have the right to institute such actions or proceedings as it may deem desirable for effectuating its remedies. Any delay by either party in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this Agreement shall not operate as a waiver of any rights or remedies or to deprive it of or limit such rights or remedies in any way; nor shall any waiver in fact made with respect to any specific default be considered or treated as a waiver of the rights or remedies of either party with respect to any other defaults or with respect to the particular default except to the extent specifically waived in writing.

SUBPART 800 - MISCELLANEOUS PROVISIONS

Section 801. City's Representations

Except as may be set forth in the Environmental Assessment, (i) the Director has not received notification of any kind from any agency (including without limitation any other City Department or federal or state agency) suggesting that the Property is or may be targeted for a federal or state Superfund cleanup or may be contaminated with any Hazardous Substance or other hazardous waste or materials, and (ii) the Director has no actual knowledge of a release or threatened release of any Hazardous Substance or other hazardous waste or materials on the Property.

Section 802. Purchaser's Representations

Purchaser represents and warrants that it is a duly organized and validly existing Limited Liability Company and has full power and authority to enter into and perform this Agreement and the transactions contemplated hereby; the execution and delivery of this Agreement by the undersigned individual has been duly authorized by all necessary corporate or other action; and this Agreement is the valid binding obligation of Purchaser, enforceable in accordance with its terms.

Section 803. Notices

A notice or communication under this Agreement by one party to any other party shall be effective on the earlier of the date actually received by hand delivery or by mail as evidenced by a signed receipt for certified mail, or three (3) days after deposited in the United States mail, postage prepaid, return receipt requested, to the addresses listed below for the parties or to such other addresses as the parties may, from time to time, designate in writing delivered as provided in this Section 803. Any notice required or permitted by any applicable law also shall be effective if given in the manner specifically required or permitted by such law.



PURCHASER: Seattle Cohousing, LLC
c/o David S. Kerruish P.S.
1201 Third Avenue, Suite 3100
Seattle, WA 98101

Additional copies of notices to Purchaser should be sent to the following, however, failure to provide copies of notices to the following entities shall not be deemed to be a failure to notify the Purchaser .

Additional Copies of Notices: Oksana Winstead
Seattle Cohousing, LLC
3040 164th Pl. NE
Bellevue, WA 98008

THE CITY: Director, Office of Housing
The City of Seattle
400 Arctic Building
700 Third Avenue
Seattle, WA 98104

Section 804. Agreement Survives Conveyance

It is the intent of the parties hereto that none of the Sections of this Agreement shall be merged by reason of any deed transferring any interest in any real or personal property; and any such deeds shall not be deemed to in any way affect or impair any of the provisions, conditions, covenants, or terms of Sections _____ of this Agreement, except as otherwise provided in this Agreement.

Section 805. Interpretation

Any titles of the several Parts, Subparts or Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions. The recitals and Exhibits are by this reference incorporated into this Agreement.

Section 806. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.



Section 807. City Approval and Consent

The Mayor and the Director are the sole persons authorized to act for and on behalf of the City in connection with this Agreement except where another is required to act by law or by this Agreement.

Section 808. Entire Agreement

This Agreement, including recitals Exhibits, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior or contemporaneous oral or written agreements, understandings, statements, documents, reports, studies or communications with respect to the Property or the subject matter hereof.

Section 809. Cooperation

The parties agree to use their best efforts diligently and promptly to take all actions necessary and appropriate in order to satisfy the conditions set forth in this Agreement and to execute and deliver all other documents reasonably necessary to carry out their respective obligations hereunder, including without limitation reasonable instructions to Escrow Agent.

Section 810. Time

Time is the essence of all provisions of this Agreement.

Section 811. Partial Invalidity

Any provision of this Agreement which shall prove to be invalid, void or unenforceable shall in no way affect, impair, or invalidate any other provision hereof, and such other provisions shall remain in full force and effect.

Section 812. Governing Law; Venue

This Agreement shall be governed by the laws of the State of Washington. Any action brought to interpret or enforce this Agreement shall be laid in King County, Washington.

Section 813. Successors and Assigns

This Agreement shall be binding upon the parties hereto and their respective successors and assigns, subject to the limitations on transfer herein.



Section 814. No Third Party Beneficiaries

The provisions hereof are for the sole benefit of the parties hereto and, subject to restrictions on transfers by Purchaser stated herein, their respective successors and assigns (including Holders to the extent provided herein). No other parties shall have any rights or remedies hereunder.

Section 815. Amendments

Amendments to this Agreement may be made only after written approval by the City and Purchaser. Amendments which are not fairly within the scope of Ordinance _____ shall not be effective unless authorized by ordinance.

Section 816. Condemnation

If prior to Closing, all or any portion of the Property shall be taken or condemned for public or quasi public use by eminent domain ("Taking"), then, except as stated below, all compensation awarded upon such condemnation up to the amount of the purchase price shall be retained by the City and applied to the purchase price, and any balance inure to Purchaser and the City shall have no claim thereto. If in the event of a Taking, it becomes infeasible, as determined by Purchaser in its sole discretion, for Purchaser to commence or complete the re-development of the Property as provided in the Conceptual Design and this Agreement, Purchaser shall have the right to terminate this Agreement by written notice to the City within thirty (30) days after the effective date of such Taking, and the City shall return the Earnest Money Promissory Note.

Section 817. Waiver of Rights Under RCW Chapter 64.06

Purchaser hereby irrevocably waives the right to receive a disclosure statement pursuant to RCW Chapter 64.06 and waives any right to rescind this Agreement under RCW Chapter 64.06.

Section 818. Brokerage Commission

Purchaser and Seller agree that no real estate brokers are involved in this transaction or shall be compensated in connection with the sale of the Property or any portion thereof. If any such commission or fee is or becomes due by reason of the conduct of one party, then that party shall pay such fee or commission and shall indemnify and hold the other party harmless from and against any liability for the same.

Section 819. Force Majeure

Whenever performance is required of either party hereunder, that party shall use all due diligence to perform and take all reasonable measures in good faith to perform; provided, however, that if completion of performance shall be delayed at any time by reason of acts of God, war, civil commotion, riots, strikes, picketing, other labor disputes, damage to work in progress by reason of fire or other casualty, severe



weather, or any other cause beyond the reasonable control of said party, then the time for performance herein specified shall be appropriately extended by the amount of the delay actually so caused.

Section 820. Calculation of Time

If the time for performance of any of the terms, conditions and provisions hereof shall fall on a Saturday, Sunday or legal holiday, then the time of such performance shall be extended to the next business day thereafter.

Section 821. Definitions

The following terms are defined in the section referenced below next to such term:

Agreement	-	Preamble
City	-	Preamble
Seattle Cohousing, LLC		Preamble
Purchaser	-	Preamble
Dearborn-Hiawatha Properties		Recitals
RDQ	-	Recitals
Proposal	-	Recitals
HomeSight	-	Recitals
Icon	-	Recitals
Director	-	Recitals
Conceptual Design		Recitals
Property	-	Section 1
Purchase Price	-	Section 2
Special Warranty Deed		Section 3
Title Company	-	Section 4
Title Commitment	-	Section 4
Permitted Exceptions	-	Section 4
Liens	-	Section 4
MUP	-	Section 5
Escrow Agent	-	Section 5
Earnest Money Promissory Note		Section 6



Quit Claim Deed		Section 7
Closing	-	Section 8
Completion Deposit	-	Section 8
Improvements	-	Section 101
Environmental Assessment	-	Section 201
AS IS		Section 201
Changed Condition	-	Section 202
Hazardous Substances	-	Section 205
UST		Section 206
Construction Agreement		Section 207
MUP Design		Section 302
DCLU	-	Section 302
Landscaping Plan		Section 302
Construction Documents		Section 303
Financing Commitment	-	Section 307
Lender(s)		Section 307
Schedule		Section 312
Certificate of Completion	-	Section 314
Permits	-	Section 315
Approved Financing	-	Section 601
Proposed Financing	-	Section 601
Holder	-	Section 602, 605
Mortgage	-	Section 602, 605
Member Liens	-	Section 606
out-of-pocket-costs	-	Section 702
Taking	-	Section 816
Redeveloper		Exhibit XII



Section 822. Exhibits

The following Exhibits are part of this Agreement and are incorporated herein by this reference:

Exhibit I	Legal Description of Property
Exhibit II	Legal Description of Alley
Exhibit III	Map of Property Location
Exhibit IV	Preliminary Title Report with Permitted Exceptions
Exhibit V	King County Noxious Weed Information
Exhibit VI	Conceptual Design
Exhibit VII	Form of Earnest Money Promissory Note
Exhibit VIII	Conditions to Right of Entry
Exhibit IX	Special Warranty Deed and Easement
Exhibit X	Quit Claim Deed
Exhibit XI	Construction Agreement
Exhibit XII	Certificate of Completion

EXECUTED as of the day and year first above written.

CITY:

THE CITY OF SEATTLE,
a municipal corporation of the State of
Washington

By: _____
Cynthia Parker
Director, Office of Housing

PURCHASER:

Seattle Cohousing, LLC
a Washington limited liability corporation
UBI Number: _____

By: _____
Oksana Winstead, Managing Board Member



STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, 1999, personally appeared before me Cynthia Parker, to me known to be Director of the Office of Housing of the City of Seattle, the municipal corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned and on oath stated that she was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said municipal corporation.

WITNESS my hand and official seal the date and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission expires _____
Print name: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, 1999, personally appeared before me Oksana Winstead, to me known to be the managing board member that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said Washington not-for-profit corporation.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission expires _____
Print name: _____



Exhibit I
Legal Description of the Property

Lots 1 through 10, inclusive, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, in King County, Washington.

Subject to an easement over

That portion of Lots 10, 7 and 8, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington, lying east of a line distant 2 feet westerly of and parallel to the most Easterly lines of said Lots 10, 7 and 8 (said parallel line measured at right angle to said most Easterly lines), the terms of which are set forth in the Exhibit A attached hereto;

situate in the City of Seattle, County of King, State of Washington.



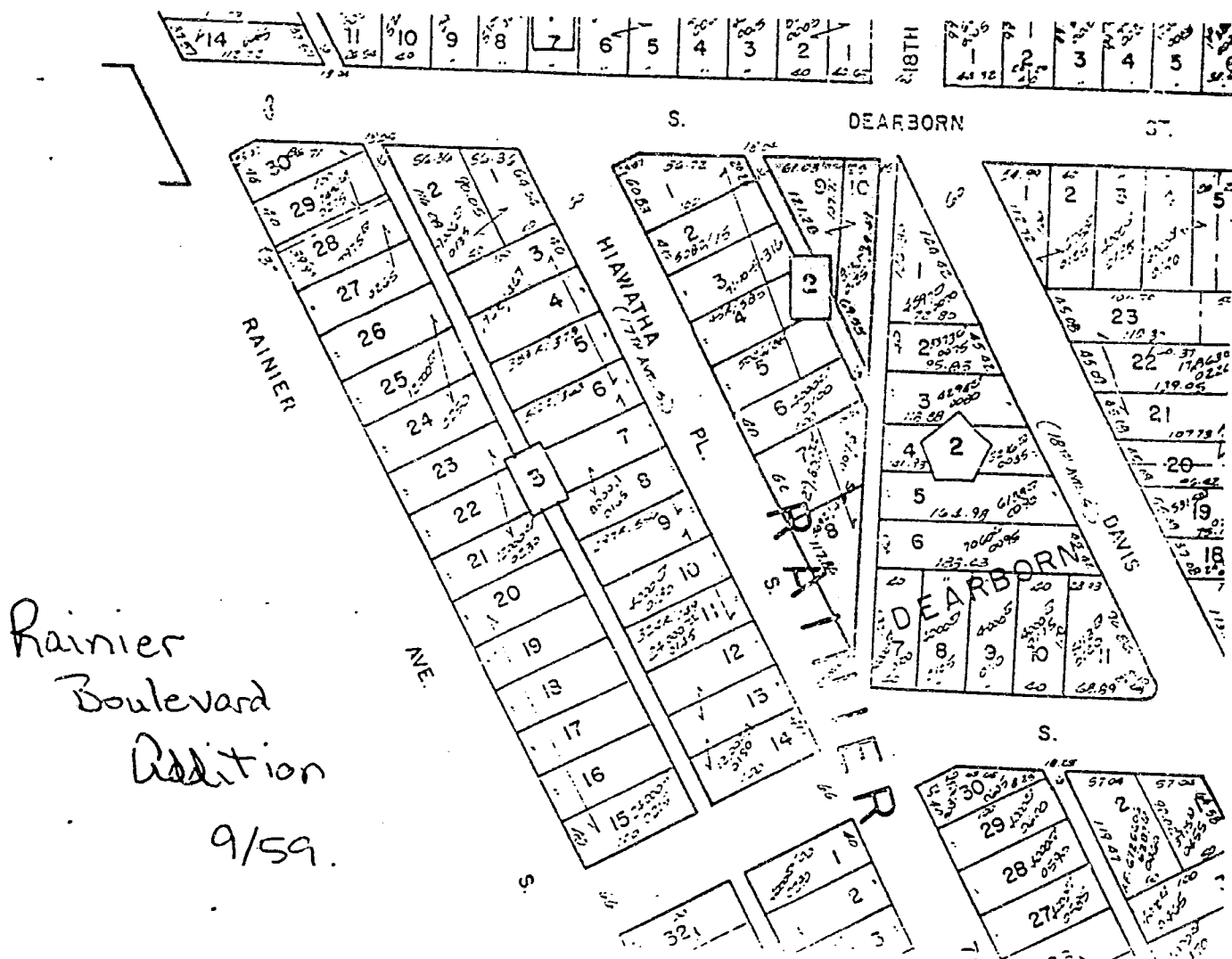
Exhibit II
Legal Description of the Alley East of the Property

The sixteen foot wide alley lying east of Block 2, Rainier Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington, as said alley was platted in said plat of Rainier Addition to the City of Seattle;

situate in the City of Seattle, County of King, State of Washington.



Exhibit III
Map of Property Location



PACIFIC NORTHWEST TITLE COMPANY

Formerly Stewart Title Company

Order No. 325771

IMPORTANT: This is not a Plat of Survey. It is furnished as a convenience to locate the land indicated hereon with reference to streets and other land. No liability is assumed by reason of reliance hereon.

NORTH



SOUTH

Exhibit IV
Preliminary Title Commitment with Permitted Exceptions

PACIFIC NORTHWEST TITLE COMPANY
OF WASHINGTON, INC.
1201 Third Avenue, Suite 3800
Seattle, Washington 98101
Senior Title Officer, Marilyn Sanden
Senior Title Officer, Bob Curtis
Unit No. 2
FAX No. (206) 343-8400
343-1345

City of Seattle, Dept. of Neighborhoods
700 - 3rd Avenue, #400
Seattle, Washington 98104
Attention: Elizabeth
Customer Ref.: Hiawiatha C1

Title Order No.: 325771

SECOND REPORT
A. L. T. A. COMMITMENT
SCHEDULE A

Effective Date: October 14, 1998, at 8:00 a.m.

1. Pacific Northwest Title Insurance Company Policy(ies) to be issued:

ALTA Owner's Policy Standard (X) Extended ()	Amount Premium Tax (8.6%)	TO BE AGREED UPON
--	---------------------------------	-------------------

Proposed Insured:

TO FOLLOW

NOTE: IF EXTENDED COVERAGE FOR OWNERS OR LENDERS WILL BE REQUIRED FOR A PENDING TRANSACTION, PLEASE NOTIFY US AT LEAST ONE WEEK PRIOR TO CLOSING SO THAT WE MAY INSPECT THE PREMISES.

2. The estate or interest in the land described herein and which is covered by this commitment is fee simple.
3. The estate or interest referred to herein is at Date of Commitment-vested in:

CITY OF SEATTLE, a municipal corporation

4. The land referred to in this commitment is situated in the County of King, State of Washington, and described as follows:

As on Schedule A, page 2, attached.



A.L.T.A. COMMITMENT
SCHEDULE A
Page 2

Order No. 325771

The land referred to in this commitment is situated in the county of King, state of Washington, and described as follows:

PARCEL A:

Lots 1 through 8, inclusive, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, in King County, Washington.

PARCEL B:

Lots 9 and 10, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, in King County, Washington.

END OF SCHEDULE A

NOTE FOR INFORMATIONAL PURPOSES ONLY:

The following may be used as an abbreviated legal description on the documents to be recorded, per amended RCW 65.04. Said abbreviated legal description is not a substitute for a complete legal description within the body of the document.

Lots 1-8, Block 2, Rainier Boulevard Add. to the City of Seattle, Vol. 9, pg. 59; and Lots 9-10, Block 2, Rainier Boulevard Add. to the City of Seattle, Vol. 9, pg. 59



PACIFIC NORTHWEST TITLE COMPANY OF WASHINGTON, INC.
A.L.T.A. COMMITMENT

Schedule B

Order No. 325771

- I. The following are the requirements to be complied with:
- A. Instruments necessary to create the estate or interest to be insured must be properly executed, delivered and duly filed for record.
 - B. Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.
- II. Schedule B of the Policy or Policies to be issued (as set forth in Schedule A) will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:
- A. Defects, liens, encumbrances, adverse claims or other matters, if any created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
 - B. GENERAL EXCEPTIONS:
 - 1. Rights or claims of parties in possession not shown by the public records.
 - 2. Public or private easements, or claims of easements, not shown by the public record.
 - 3. Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or inspection of the premises.
 - 4. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records, or Liens under the Workmen's Compensation Act not shown by the public records.
 - 5. Any title or rights asserted by anyone including but not limited to persons, corporations, governments or other entities, to tide lands, or lands comprising the shores or bottoms of navigable rivers, lakes, bays, ocean or sound, or lands beyond the line of the harbor lines as established or changed by the United States Government.
 - 6. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water.
 - 7. Any service, installation, connection, maintenance, capacity, or construction charges for sewer, water, electricity or garbage removal.
 - 8. General taxes not now payable or matters relating to special assessments and special levies, if any, preceding the same becoming a lien.
 - 9. Indian tribal codes or regulations, Indian treaty or aboriginal rights, including, but not limited to, easements or equitable servitudes.
 - C. SPECIAL EXCEPTIONS: As on Schedule B, attached.



A.L.T.A. COMMITMENT
SCHEDULE B
Page 2

Order No. 325771

SPECIAL EXCEPTIONS:

NOTE FOR INFORMATION PURPOSES ONLY:

EFFECTIVE JANUARY 1, 1997, AND PURSUANT TO AMENDMENT OF WASHINGTON STATE STATUTES RELATING TO STANDARDIZATION OF RECORDED DOCUMENTS, THE FOLLOWING FORMAT AND CONTENT REQUIREMENTS MUST BE MET. FAILURE TO COMPLY MAY RESULT IN REJECTION OF THE DOCUMENT BY THE RECORDER.

FORMAT:

MARGINS TO BE 3" ON TOP OF FIRST PAGE, 1" ON SIDES AND BOTTOM - 1" ON TOP, SIDES AND BOTTOM OF EACH SUCCEEDING PAGE. RETURN ADDRESS IS ONLY ITEM ALLOWED WITHIN SAID 3" MARGIN. NOTHING WITHIN 1" MARGINS.

FONT SIZE OF 8 POINTS OR LARGER AND PAPER SIZE OF NO MORE THAN 8 1/2" BY 14".

NO ATTACHMENTS ON PAGES SUCH AS STAPLED OR TAPED NOTARY SEALS; PRESSURE SEALS MUST BE SMUDGED.

INFORMATION WHICH MUST APPEAR ON THE FIRST PAGE:

RETURN ADDRESS, WHICH MAY APPEAR WITHIN THE UPPER LEFT HAND 3" MARGIN.

TITLE OR TITLES OF DOCUMENT.

IF ASSIGNMENT OR RECONVEYANCE, REFERENCE TO RECORDING NUMBER OF SUBJECT DEED OF TRUST.

NAMES OF GRANTOR(S) AND GRANTEE(S) WITH REFERENCE TO ADDITIONAL NAMES ON FOLLOWING PAGES, IF ANY.

ABBREVIATED LEGAL DESCRIPTION (LOT, BLOCK, PLAT NAME, OR SECTION, TOWNSHIP, RANGE AND QUARTER QUARTER SECTION FOR UNPLATTED).

ASSESSOR'S TAX PARCEL NUMBER(S).

(continued)



A.L.T.A. COMMITMENT
SCHEDULE B
Page 3

Order No. 325771

SPECIAL EXCEPTIONS (continued):

1. RESTRICTIONS CONTAINED IN INSTRUMENT:

RECORDED: June 5, 1991
RECORDING NUMBER: 9106050835
AFFECTS: Parcel A, Lots 1, 2, 3, 4, 5, 7 and 8

INCLUDING BUT NOT LIMITED
TO THE FOLLOWING:

The grantee as part consideration herein does hereby agree to comply with all civil rights and anti-discrimination requirements of RCW Chapter 49.60, as to the lands herein described

2. Agreement to indemnify the City of Seattle against loss or damage arising by reason of the use of a portion of the parking strip adjoining said premises, for construction thereof of a bulkhead, recorded April 27, 1921, under Recording Number 1513363.

AFFECTS: Parcel A, Lot 8

3. Agreement to indemnify the City of Seattle against loss or damage arising by reason of the use of a portion of the parking strip adjoining said premises, for construction thereof of a concrete bulkhead, recorded April 30, 1921, under Recording Number 1514291.

AFFECTS: Parcel A, Lots 1 and 2

4. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

YEAR: 1998
TAX ACCOUNT NUMBER: 713230-0075-00
AFFECTS: Parcel A, Lots 1, 2, 3, 4, 5, 7 and 8

5. SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 713230-0075-00
AFFECTS: Parcel A, Lots 1, 2, 3, 4, 5, 7 and 8

AMOUNT BILLED: \$65.40
AMOUNT PAID: \$32.70
AMOUNT DUE: \$32.70

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$2.50
AMOUNT DUE: \$2.50

(continued)



A.L.T.A. COMMITMENT
SCHEDULE B
Page 4

6. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

YEAR: 1998
TAX ACCOUNT NUMBER: 713230-0100-09
AFFECTS: Parcel A, Lot 6

7. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

YEAR: 1998
TAX ACCOUNT NUMBER: 713230-0125-00
AFFECTS: Parcel B

8. Payment of Real Estate Excise Tax, if required.

The property described herein is situated within the boundaries of local taxing authority of City of Seattle.

Present Rate of Real Estate Excise Tax as of the date herein is 1.78%.

9. Until the amount of the policy to be issued is provided to us, and entered on the commitment as the amount of the policy to be issued, it is agreed by every person relying on this commitment that we will not be required to approve any policy amount over \$100,000, and our total liability under this commitment shall not exceed that amount.
10. Title is to vest in persons not yet revealed and when so vested will be subject to matters disclosed by a search of the records against their names.

NOTE 1: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 713230-0100-09
AFFECTS: Parcel A, Lot 6

AMOUNT BILLED: \$8.54
AMOUNT PAID: \$8.54

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

(continued)



A.L.T.A. COMMITMENT
SCHEDULE B
Page 5

NOTE 2: SPECIAL TAXES OR CHARGES:

YEAR:	1998
TAX ACCOUNT NUMBER:	713230-0125-00
AFFECTS:	Parcel B
AMOUNT BILLED:	\$18.02
AMOUNT PAID:	\$18.02
AMOUNT BILLED:	\$5.00
AMOUNT PAID:	\$5.00

NOTE 3: Upon notification of cancellation, there will be a minimum cancellation fee of \$50.00 plus tax of \$4.30.

END OF SCHEDULE B

Title to this property was examined by:

Leo Gossett/Debby Bigelow

Any inquiries should be directed to one of the title officers set forth in Schedule A.

deb/9677Z



Exhibit V
King County Noxious Weed Information



King County
Noxious Weed Control Program
Resource Lands and Open Space Section
Water and Land Resources Division
Department of Natural Resources
810 Third Avenue, Suite 350
Seattle, WA 98104
Phone (206) 296-0290 FAX (206) 296-1473

September 24, 1998

Elizabeth Butler
City of Seattle
Department of Neighborhoods
700 3rd Ave, Suite 400
Seattle, WA 98104

Dear Elizabeth:

This is my recommendation for controlling the hogweed growing along 18th Ave S. and Dearborn St. Giant hogweed is a Class A noxious weed with eradication as the ultimate goal. Clearing the vegetation is important, although many of the seeds have dispersed. As we discussed, the hogweed may be transported to the landfill as part of your noxious weed control. The truck load needs to be covered to prevent seeds or other plant material from blowing out the back.

Next spring, around late April or early May; spray the hogweed with a systemic herbicide as it reaches about two to three feet in height. The leaves of the hogweed should be on the larger side to allow the herbicide to translocate to the roots. Since the site is slated for development you can either use Glyphosate (Roundup) or Triclopyr (Garlon). Glyphosate will kill all the vegetation on site, while Triclopyr will effect broad leaf plants but not damage the grass. Depending on how soon ground is broken on the site you may want to use Triclopyr to preserve the grass. Grasses will compete with the hogweed for nutrients and soil moisture. A grass seeding will help to hold the soil and prevent the slope from eroding or sloughing. Depending on how serious a factor erosion is on the site, you may wish to seed the site in mid October to allow the fall rains to provide moisture for germination.

When applying herbicide, make sure to follow the label and apply in recommended concentrations. Apply a complete coverage of herbicide to the hogweed from top to bottom to kill the plant. Spray to wet the entire plant but not to the point to where it runs off the plant. On a periodic basis, about every two weeks, check to be sure that the weeds do not grow unchecked. Look for weeds that were skipped in the initial application and weeds that have emerged since the prior application. These weeds can be dug out of the ground or re-sprayed. Just cutting the weeds down does not control them. Monitor the site for weeds periodically. Remove or spray the weeds as necessary.

Timing is critical for hogweed control. Monitoring the site and checking the plants progress will be an important factor for when you begin your control efforts next spring.

Enclosed are copies of the Unwelcome Guest color brochure, an introduction to the state weed law RCW 17.10, the state department of agriculture's quarantine list, and the exception for transporting the plant to a landfill WAC 752 630. If I can be of any further assistance, if you have any questions or concerns that surface please call us at (206) 296-0290.

Sincerely,

Sean MacDougall
Noxious Weed Inspector

Seattle Cohousing, LLC
Purchase and Sale Agreement
05/03/99

\\hhs1\vol1\user\butler\eliza\property\hiawatha\parcel 3 & 4\legislative packet\cohousing-psa_4-30-99clean.doc

Page 41



IT IS DUE TO THE QUALITY OF THE DOCUMENT.

WAC1997

WAC 16-752-620 Noxious weed seed and plant quarantine--Prohibited acts.

It is prohibited to transport, buy, sell, offer for sale, or to distribute plants or plant parts of the regulated species listed in WAC 16-752-610 into or within the state of Washington or to sell, offer for sale, or distribute seed packets of the seed, flower seed blends, or wildflower mixes of these regulated species into or within the state of Washington.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-620, filed 3/10/92, effective 4/10/92.]

→ WAC 16-752-630 Noxious weed seed and plant quarantine--Exceptions.

The prohibition on transporting of plants and plant parts shall not apply to plant or plant parts collected for herbariums, research in control methods, creation of pressed specimens, or for educational or identification purposes and other scientific activities: Provided, That all activities requiring live plants are conducted in such a manner as to prevent infestation. In addition, plants or plant parts may be transported as a part of a noxious weed control activity to a sanitary landfill, to be burned, or otherwise disposed of under the supervision of a noxious weed control agency.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-630, filed 3/10/92, effective 4/10/92.]

WAC 16-752-640 Noxious weed seed and plant quarantine--Permits.

The director may allow the movement of materials, otherwise prohibited, by special permit. Such permit shall specify the terms and conditions under which movement is allowed.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-640, filed 3/10/92, effective 4/10/92.]

WAC 16-752-650 Noxious weed seed and plant quarantine--Disposition of regulated articles.

Any plants, plant parts, or seed packets transported, bought, sold, or offered for sale in violation of this noxious weed quarantine shall be subject to destruction or shipment out-of-state or other disposition in a manner prescribed by the director to prevent infestation. Any action shall be at the expense of the owner or the owner's agent and without compensation.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-650, filed 3/10/92, effective 4/10/92.]

WAC 16-752-660 Noxious weed seed and plant quarantine--Penalties.

Any person who violates the terms of the noxious weed quarantine, as provided in WAC 16-752-600 through 16-752-650, or who aids or abets in such violation, shall be subject to the civil and/or criminal penalties provided in chapter 17.24 RCW.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-660, filed 3/10/92, effective 4/10/92.]

Title 18 WAC
AIR POLLUTION

9/24/98

11:20:18 AM



IT IS DUE TO THE QUALITY OF THE DOCUMENT.

What is a noxious weed?

Noxious weeds are non-native plants that have been introduced to Washington through human actions. Because of their aggressive growth and lack of natural enemies in the state, these species can be highly destructive, competitive or difficult to control.

Noxious weeds are everybody's problem. Each year, these plants cost Washington millions of dollars. Noxious weeds result in losses estimated at 24% of Washington's gross agricultural product. In addition, introduced species are the second leading cause of reductions in biological diversity. These exotic species not only reduce crop yields and destroy native plant and animal habitat; they can damage recreational opportunities, clog waterways, lower land values, and poison humans and livestock.

Does the law require weed control?

Washington's weed law (RCW 17.10) mandates the control of many weed species. "Control" is defined in WAC 16-750 as the prevention of all seed production. Each year, a list of noxious weeds is developed. The complete weed list (found in WAC 16-750) encompasses three different categories of weeds:

Class A weeds are non-native species with a limited distribution in Washington. Preventing new infestations and eradicating existing infestations is the highest priority.

Class B weeds are non-native species that are presently limited to portions of the state. Class B species are designated for control in regions where they are not yet widespread. Preventing infestations in these areas is a high priority. In regions where a Class B species is already abundant, control is decided at the local level, with containment as the primary goal.

Class C weeds are other non-native weeds found in Washington. Many of these species are widespread in the state. Long-term programs of suppression and control are a local option, depending upon local threats and the feasibility of control in local areas.

Who administers the weed law?

RCW 17.10 also establishes a program for administering the weed law. Education, coordination, and enforcement activities are carried out by three groups:

Washington State Noxious Weed Control Board

Washington's weed program is coordinated through the Washington State Noxious Weed Control Board. The State Weed Board's mission is to serve as responsible stewards of Washington's land and resources by protecting and preserving it from the degrading impact of exotic, invasive noxious weeds. The state board pursues this mission by:

- Increasing public awareness of weed problems through education
- Coordinating and assisting county weed boards with their educational and weed control efforts
- Assembling and distributing information on Washington's weeds
- Developing statewide integrated pest management plans for specific species
- Promoting cooperation and compliance from state and federal land agencies and tribal governments
- Developing the state weed list

County Noxious Weed Control Boards

RCW 17.10 allows for the activation of a weed board in each county. County weed programs provide many services to the communities they serve, including:

- Conducting ongoing weed surveys to detect new infestations before they spread
- Educating landowners to achieve voluntary compliance with the state weed law
- Providing the public with technical information on weeds and control options
- Setting local weed control priorities
- Carrying out weed enforcement actions as needed to protect resources

Weed districts, which were established under Washington's first weed laws, RCW 17.04 and 17.06, still operate in some regions of the state. These districts are responsible for weed control in small areas, typically the size of irrigation districts. Weed districts have responsibilities and activities similar to county weed boards.

Washington State Department of Agriculture

The Washington State Department of Agriculture also plays a role in the state weed program by:

- Performing any necessary enforcement activities in counties without activated weed boards
- Negotiating and ruling in intercounty disputes



Who is responsible for weed control?

RCW 17.10 holds landowners, including counties and state land agencies, responsible for controlling weeds on their property. Federally owned lands are subject to the Federal Noxious Weed Act (Public Law 93-629). Since many people are unfamiliar with noxious weeds, the state and county weed boards and weed districts are available to provide information on identification and control options. Landowners can choose the control method they feel is most appropriate for their property.

How can I battle noxious weeds?

Options are available for battling these noxious invaders. Options include:

Prevention activities, such as learning to recognize and eliminate weeds before they establish

Cultural methods, such as rotating crops and timing fertilizer applications

Mechanical methods, such as hand-pulling and managing tillage practices

Biological methods using natural enemies, such as insects and diseases, that attack weeds and help suppress infestations

Herbicide control using EPA-approved products in compliance with the label

In many cases, these approaches can be integrated to provide the most effective management strategy.

Where can I find more information?

To find out more about weeds and weed control in Washington, contact:

King County Noxious Weed Control Board

Natural Resources Division
506 Second Ave., Suite 720
Seattle, WA. 98104-2311
(206) 296-0290

or

Washington State

Noxious Weed Control Board
1851 South Central Place, Suite 211
Kent, WA 98031-7507
(206) 872-2318
(206) 872-2972

or

Washington State

Department of Agriculture
2015 South First Street
Yakima, WA 98903
(509) 576-3039

Help protect Washington's
environment from
noxious weeds!

Noxious Weeds

in Washington State

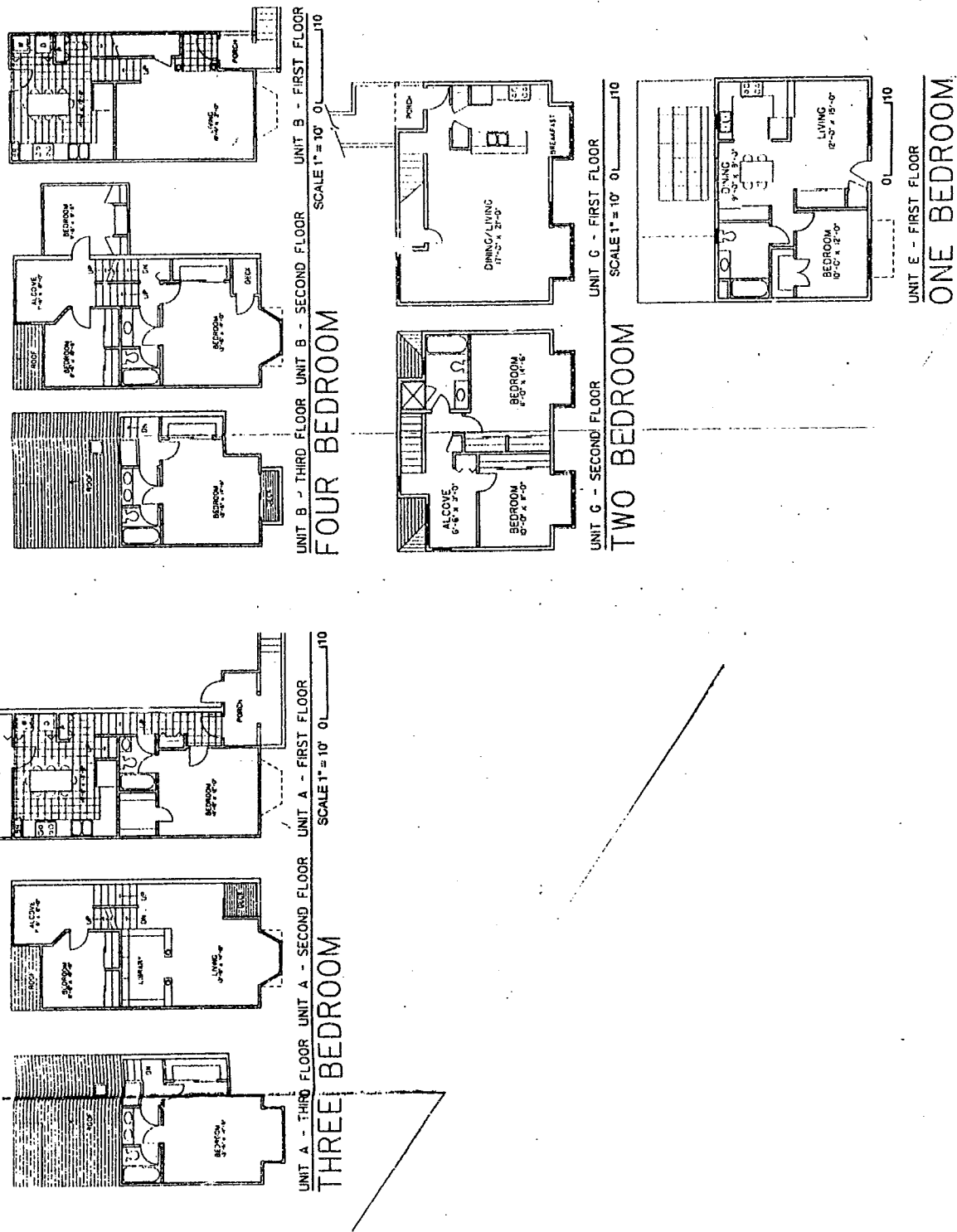
An Introduction to Washington's Weed

Laws

RCW 17.10
RCW 17.04
RCW 17.06
WAC 16-750



Exhibit VI
Conceptual Design



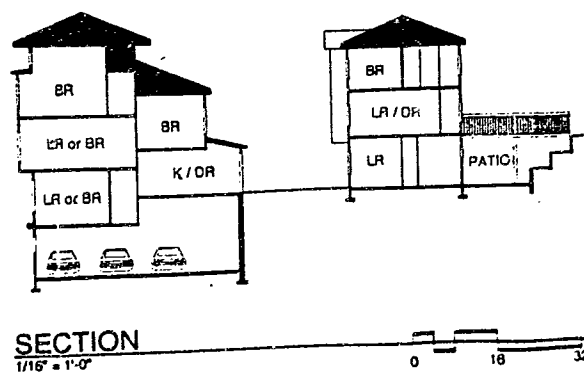
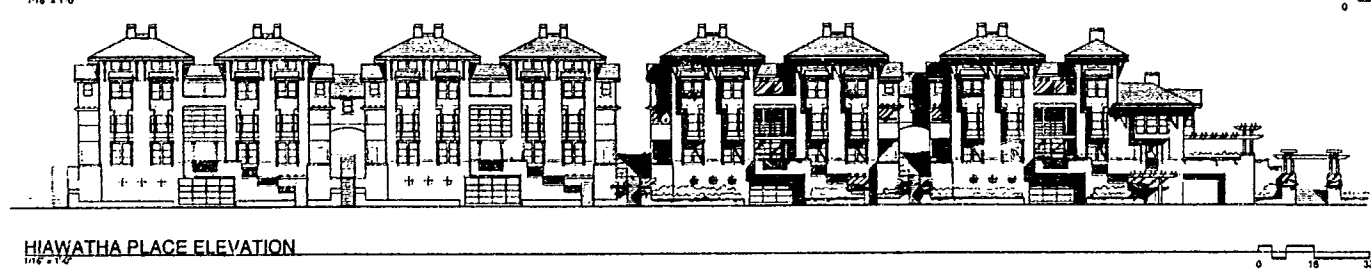
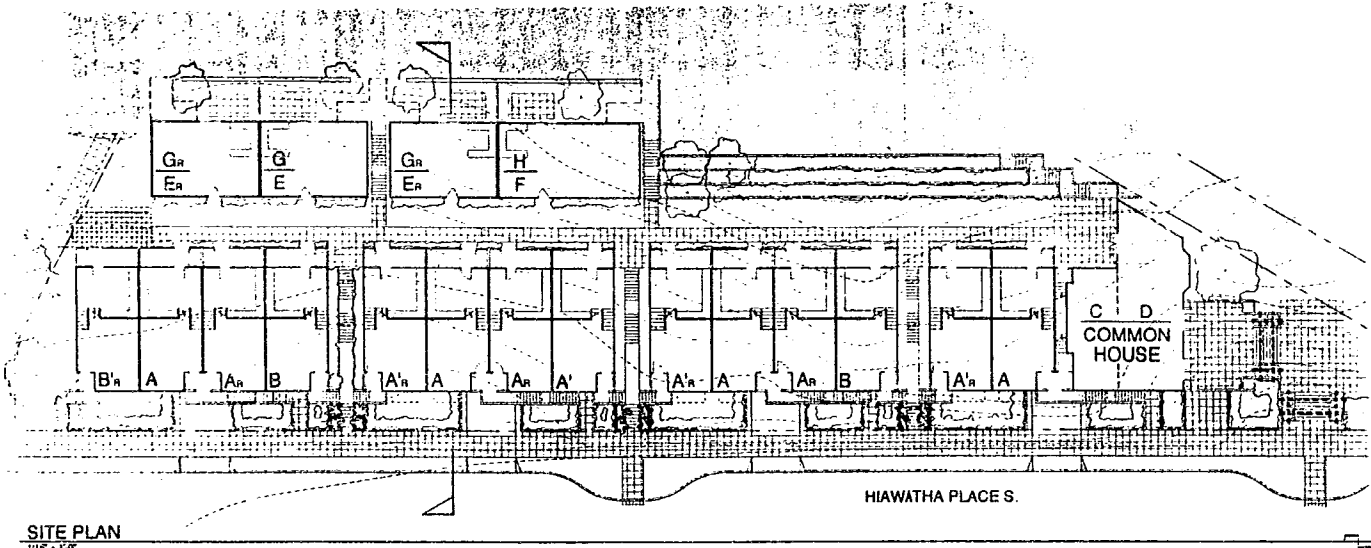


Exhibit VII
Form of Earnest Money Promissory Note

PROMISSORY NOTE

\$7,200.000

June __, 1999

1. **PROMISE TO PAY:** FOR VALUE RECEIVED, Seattle Cohousing, LLC, (hereinafter "Maker"), promises to pay to The City of Seattle, Office of Housing (hereinafter "Holder"), at the address below, or such other place as holder hereof may from time to time designate in writing, the principal sum of Seven Thousand Two Hundred Dollars (\$7,200.00), with no interest thereon until due, then interest at the rate of 10% per annum. This note is given as an earnest money deposit upon execution of the Purchase and Sale Agreement ("PSA") dated June __, 1999, for the real property described as Dearborn-Hiawatha Parcels 3 and 4(a) located on the east side of Hiawatha Place S between S Dearborn St and S Charles Place, in Seattle Washington.
2. **PAYMENT:** Maker shall pay the entire principal sum and accrued interest to Holder upon demand, after Holder's sixty (60) day notice to Maker of Maker's default in performance of the terms of the Purchase and Sale Agreement executed on ____ by Maker and the City (PSA), and Maker's failure to cure such default within the period allowed by the PSA; with demand being made on the Maker and if Maker fails to make payment upon demand, then Guarantor shall make full payment of the sums secured by this Note. In the event that Maker does not default in the performance of the obligations of Maker described in the PSA, this note shall be cancelled, and returned to the Maker by the Holder at the time of the closing of the sale of the real property. This note is personally guaranteed by William J. Sellars acting in his individual capacity (Guarantor). In the event Maker fails to make payment pursuant to this section, Guarantor promises to pay to Holder upon demand the amounts due under this Promissory Note.
3. **PREPAYMENT:** The Maker may prepay this Promissory Note in whole or in part at any time. No penalty or premium shall be charged in the event of prepayment.
4. **DEFAULT:** If default be made in payment of the Promissory Note, pursuant to the terms of the PSA, then, at the option of the Holder and without prior notice, the entire indebtedness secured hereby shall be immediately due and payable, and shall bear interest at the rate of ten (10%) per annum.
5. **ATTORNEY'S FEES:** In the event this Promissory Note is placed in the hands of an attorney for collection, or if suit shall be brought to collect any of the principal or interest of this Note, Maker shall pay a reasonable attorney's fee, in addition to all costs of collection and expenses of suit.



6. WAIVER OF PRESENTMENT: Presentation of payment, notice of dishonor, protest and notice of protest are hereby waived.
7. NON-WAIVER: Failure to exercise any right or option of Holder shall not constitute a waiver of the right to exercise such right or option if Maker is in default hereunder.
8. EXECUTION AS PRINCIPAL: Each Maker of this Note executes the same as a principal and not as surety.
9. APPLICABLE LAW: This Promissory Note shall be given and construed and enforced in accordance with the laws of the State of Washington. Any suit or action brought hereunder shall be submitted to the jurisdiction of King County Superior Court in the State of Washington.
10. NOTICES: All notices, demands, requests, consents, approvals and other instruments required or permitted to be given pursuant to the terms of this Note or the Letter of Credit shall be in writing and shall be deemed to have been properly given if sent by registered or certified mail, postage prepaid, return receipt requested, to the addresses set forth below.

HOLDER: City of Seattle
Office of Housing,
618 Second Avenue,
Eighth Floor
Seattle, WA 98104
Attention: Cynthia Parker

MAKER: Seattle Cohousing, LLC
3040 - 164th Place NE,
Bellevue, WA 98008

GUARANTOR: William J. Sellars
1548 NE 95th St.
Seattle, WA 98115

Provided, however, that such address may be changed upon five days written notice thereof similarly given to the other party. Such notice, demand, request, consent, approval and other instrument shall have been deemed to have been served on the third day following the date of mailing.



Seattle Cohousing, LLC

by Oksana Winstead, a Manager

William J. Sellars

APPROVED:

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this ____ day of _____, 1999, personally appeared before me Oksana Winstead, to me known to be the managing board member that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission expires _____
Print name: _____



STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, 1999, personally appeared before me William J. Sellars, to me known to be the individual that executed the within and foregoing instrument and acknowledged said instrument to be his free and voluntary act and deed, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said Washington not-for-profit corporation.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission expires _____
Print Name: _____



Exhibit VIII
Conditions to Right of Entry

A. Purchaser's entry upon the Property, including any Improvements thereon, shall occur during normal business hours for the purposes set forth in this Agreement, upon at least forty-eight (48) hours prior notice (which may be by facsimile) to the City and, in the City's discretion, in the presence of an agent or employee of the City.

B. Any contract entered into by Purchaser for any consultants' services with regard to the Property shall expressly provide that the City shall have no obligation thereunder and that the charges for such services shall not be a lien on the Property unless and until Purchaser shall have completed the purchase of such prior to entry of each such consultant. Purchaser shall provide the City with a lien waiver from each consultant.

C. No activities (including without limitation excavations) that require a permit under applicable City or other governmental codes or regulations shall be conducted on the Property unless Purchaser obtains such permits at its sole expense and complies with all conditions thereof. Copies of such permits or orders shall be supplied to the City upon its request.

D. If any noxious, non-native vegetation, including giant hogweed, is removed from the Property, Purchaser shall comply with King County requirements to prevent the spread of such vegetation (Exhibit V). Purchaser shall transport such vegetation securely covered to prevent the spread of seeds, and shall not dispose of such vegetation at composting stations.

E. Purchaser shall use its best efforts to avoid the creation or maintenance of hazards as a result of its activities on the Property. Purchaser shall not keep, dispose of, generate or cause any hazardous waste or substance to be released or deposited on the Property. Purchaser shall not grade or cause any large excavations or filling in of the Property, unless prior written permission is given by the City, and Purchaser shall restore to its previous condition any portion of the Property that has been disturbed by such activities upon written request by the City to do so, which written request shall set forth the hazards to be remedied.

F. Prior to any entry on the Property, Purchaser and its consultants entering on the Property shall furnish to the City evidence of a current policy of general commercial liability insurance in effect for itself, naming the City as an additional insured, that shall insure against personal injury or damage to property with minimum limits of \$500,000 each occurrence and \$1,000,000 annual aggregate. At no time shall Purchaser or its consultants enter upon any portion of the Property owned by the City unless such insurance is in effect.

G. No vehicles shall be driven over or across the water pipeline located in the above described alley on the Parcels. Prior to entry onto the Property, purchaser will obtain the assistance of the designated representative of the Seattle Public Utilities



Department of the City (SPU) identified below to determine the location of the water pipe, and then will provide information on the pipeline location to it's agents entering the property. The designated representative of SPU shall be: David Defferding 684-5860.

Purchaser shall avoid damaging the water pipeline adjacent to the property and shall not remove the fence surrounding the pipeline designed to protect the water pipe against damage from vehicles. Purchaser shall not conduct activities that may cause the disruption of the soil under or near the pipeline, the removal of the ground support for the water pipe, increase the load on top of the pipe, or otherwise cause damage to the pipe or impair its operation. If any digging or removal of soil occurs near the pipeline, Purchaser shall notify the designated representative of SPU identified above. If any damage, leaking or other disturbance of the pipe occurs, Purchaser shall immediately notify SPU's representative, and call 286-1800 to report water-related emergencies.)

F. Purchaser hereby agrees to release and forever discharge, indemnify, defend and hold the City, and its elected officials, employees and agents, harmless from and against any and all liability, including without limitation any claims, liability, costs, damages or fees (including but not limited to reasonable attorneys' fees and costs) incurred as a result of or in connection with Purchaser, its contractors, agents, or employees' entry onto any portion of the Property owned by the City, or the adjacent pipeline corridor, including but not limited to damage of the city's water pipeline or the release of any Hazardous Substances thereon. The term "Hazardous Substances" shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined or listed by any federal, state or local statute, regulation or ordinance pertaining to the protection of human health or the environment and shall specifically include petroleum oil and its fractions.



Exhibit IX
Special Warranty Deed with Easement

After Recording Return to: Seattle Cohousing, LLC
c/o David S. Kerruish
1201 Third Avenue, Suite 3100
Seattle, WA 98101

Document Title: Special Warranty Deed

Reference Number of Document Assigned or Released:

Grantor(s) Name: City of Seattle

Grantee(s) Name: Seattle Cohousing, LLC

Legal Description:

Abbreviated form: Lots 1-10, Block 2, Rainier Boulevard Addition to the City of Seattle, Vol. 9, pg. 59. subject to an easement over portion of Lots 10, 7 and 8.

Additional legal description is included below, and on Exhibit A of document.

Assessor's Property Tax Parcel or Account Number: 713230-0075-00, 0100-09, 0125-00

SPECIAL WARRANTY DEED WITH CONDITION SUBSEQUENT

Grant

THE CITY OF SEATTLE, a municipal corporation of the State of Washington, (the "Grantor"), for and in consideration of ten dollars (\$10.00) in hand paid, and other good and valuable consideration and the covenants of the Grantee contained in that certain Purchase and Sale Agreement between Grantor and Grantee, dated [] ("Contract"), bargains, sells and conveys to Seattle Cohousing, LLC, a Washington Limited Liability Corporation (the "Grantee") the following described real estate located in the City of Seattle, County of King, State of Washington, generally located on the east side of Hiawatha Place S between S Dearborn St and S Charles Place and legally described as follows:

Lots 1 through 10, inclusive, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, in King County, Washington.

Subject to an easement over

That portion of Lots 10, 7 and 8, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington, lying east of a line distant 2 feet westerly of and parallel to the most Easterly lines of said Lots 10, 7 and 8 (said parallel line measured at right angle to said most Easterly lines), the terms of which are set forth in the Exhibit A attached hereto;

situate in the City of Seattle, County of King, State of Washington.



Covenants

This conveyance is subject to the following covenants and restrictions which shall be binding on the Grantee and Grantee agrees to on behalf of Grantee's heirs, successors and assigns:

1. **Covenants in Exhibit A.** The conveyance is subject to the covenants in the attached Exhibit A.
2. **Condition Subsequent.** This Deed and all rights of Grantee hereunder are subject to a condition subsequent upon the occurrence of which Grantor or its governmental successors or assigns shall have the absolute right, subject only to the express limitations set forth herein, to terminate, by notice to Grantee or by reentering and taking possession of the Property (or one or more Parcels thereof, if the legal description designates separate Parcels or if the Contract provides for the division of the Property into Parcels), the estate conveyed under this deed and all rights of all persons claiming by or through Grantee, whereupon fee simple title to the Property (or to one or more Parcels thereof, if the condition subsequent shall have terminated as to the other Parcel or Parcels) shall revert entirely in Grantor or its governmental successors or assigns. The condition subsequent shall have occurred if any of the following shall occur prior to the time that Grantee shall have completed construction of the Improvements to the Property (to consist of a 24 unit cohousing condominium development in accordance with certain Construction Plans submitted by Grantee) required pursuant to the Contract and shall have obtained from Grantor a Certificate of Completion with respect thereto:

(a) Grantee or its successor in interest shall default on, fail to perform or violate Grantee's obligations with respect to the construction of the Improvements pursuant to the Contract (including without limitation obligations with respect to the nature of the Improvements and the dates for the beginning and the completion thereof), or shall abandon or substantially suspend construction work, and any such default, failure to perform, violation, abandonment or suspension shall not be cured, ended or remedied to the reasonable satisfaction of Grantor within thirty (30) days after Grantor's written demand to do so; or

(b) Grantee or its successor in interest shall, without the express written consent of Grantor, transfer any interest in the Property or cause or permit there to be placed on the Property any encumbrance or lien not authorized by the Contract, unless such encumbrance or lien is paid, removed or discharged or provision is made satisfactory to the Grantor for such payment, removal or discharge, within thirty (30) days after written demand from Grantor to do so; provided that in the case of a mechanic's or materialmen's lien or notice thereof Grantee shall have the right to prevent the occurrence of a condition subsequent pursuant to this subsection (b) by bonding or depositing security under conditions reasonably adequate to protect Grantor from such liens in the event title should revert in Grantor under the terms



hereof.

Notwithstanding the foregoing, the condition subsequent and any reversioning of title as a result thereof in the Grantor (1) shall always be subject to and limited by, and shall not defeat, render invalid or limit in any way (a) the lien of any mortgage or deed of trust permitted by the Contract, and (b) any rights or interest provided in the Contract for the protection of the holders of such mortgages or deeds of trust; and (2) shall not apply to individual Parcels of the Property for which a Certificate of Completion has been issued as provided below.

3. **Certificate of Completion.** Upon the recording of a Certificate of Completion duly signed by the Director of the Office of Housing of the Grantor, stating that the Improvements to the Property, or a Parcel thereof, have been completed in accordance with the Contract, the condition subsequent in this deed shall be of no further force or effect with respect to the Property, or Parcel thereof specified in the Certificate, as the case may be.
4. **Miscellaneous.** Capitalized terms not defined herein shall have the meanings set forth in the Contract. Time is of the essence of all of the provisions hereof.

Executed this _____ day of _____, _____, pursuant to Ordinance No. _____.

GRANTOR:
THE CITY OF SEATTLE

By _____
Cynthia Parker, Director,
Office of Housing

Approved as to form only:

Mark H. Sidran, City Attorney

By _____
Betty Ngan, Assistant

GRANTEE:
Seattle Cohousing, LLC

By _____
Print Name: _____



Approved as to Form by Purchaser:

By _____

Print name: _____

Title _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, _____, before me, the unsigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared to me Cynthia Parker, to me known to be the Director of the Office of Housing of the City of Seattle, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year in this instrument above written.

Date _____

NOTARY PUBLIC in and for the
State of Washington, residing at

My Commission Expires: _____



EXHIBIT "A" to Special Warranty Deed
RESERVED EASEMENT

The City, its successors and assigns, hereby reserves an exclusive easement to that certain strip of land two (2) feet in width described as follows:

That portion of Lots 10, 7 and 8, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington, lying east of a line distant 2 feet westerly of and parallel to the most Easterly lines of said Lots 10, 7 and 8 (said parallel line measured at right angle to said most Easterly lines);

in the City of Seattle, County of King, State of Washington.

The owners of the property burdened by this Easement shall be referred to herein as "Servient Owner". The City shall be referred to as the "Dominant Owner," the "City" or "City acting through its Seattle Public Utilities (SPU) department."

This Easement is reserved for the purpose of ingress and egress for the patrolling, operation, maintenance, and repair of the City's water utility system located in the alley described below which abuts the above described easement area.

Agreement

This Easement is reserved subject to the following terms and conditions which the Dominant and Servient Owners agree to faithfully observe and perform:

1. Prevention of Obstruction. The Servient Owner, its successors and assigns, hereby agree that no buildings, structures, poles, light standards, underground utilities serving the Servient Owner, underground storage tanks, or trees, shall be placed within the easement area. Other improvements or landscaping within the easement area (such as fencing, grass, small shrubs or paving) may be permitted upon review and written approval by the City.
2. Obligation to Restore. The Dominant Owner shall restore the easement area to a condition as good or better than the condition of the property prior to any disturbance by the Dominant Owner (including the removal of any temporary vehicular access road) when its work is completed. The Dominant Owner's obligation to restore shall apply solely to improvements and landscaping that have been approved by the City in writing. When necessary the Dominant Owner shall install improvements or plantings to protect the surface of the easement area from erosion.
3. Approval of Grading Changes. The Servient Owner agrees to allow the City through its Seattle Public Utilities (SPU) to review and approve any plans to excavate or to change the grade within the easement area. Any grading shall



maintain a driveable slope consistent with said abutting alley, without causing erosion or additional surface water drainage to the alley or other property.

4. Timely Review of Plans. SPU will make a good faith effort to review any plans and specifications, as required in Paragraphs 2 and 3 of this Easement, and return to Servient Owner with comments or revisions without undue delay.
5. Maintenance. Said easement area and approved improvements shall be maintained by Servient Owner their successor and assigns.
6. Protection of Pipeline. As part of its water utility system, the City owns and maintains a water transmission pipeline in the 16-foot wide alley lying between Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County Washington and Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, Page 19, Records of King County, Washington. Said alley lying entirely within said Rainier Boulevard Addition to the City of Seattle.

The owners of the property abutting this Alley shall be referred to herein as "Servient Owners".

For the protection of said pipeline the following shall apply:

- a) Approval of Construction Plans. Servient Owners will allow the Seattle Public Utilities (SPU) to review and approve in writing, for protection of the pipeline, any construction plans and activities within 100 feet of the pipeline. This shall include but not be limited to grading, pile driving, auguring, excavation and/or the use of explosives. SPU's approval shall not be unreasonably withheld.
 - b) Timely Review of Plans. SPU will make a good faith effort to expedite review and to return its comments/requests for revisions, disapproval, or approval on the plans and specifications. The Servient Owners shall provide additional information and revisions requested by SPU to complete its review.
 - c) Construction Activity. Servient Owner's construction activities shall be conducted in a manner to avoid excessive vibrations of said pipes, destabilization of the ground support for the pipes or otherwise threaten the integrity or operation of the pipeline.
7. Restriction of Vehicular Traffic. Unless otherwise installed or provided by the Servient Owners at Servient Owner's option, the City shall install locking gates, fences, bollards, or other effective barriers at both ends of the easement area to prevent unauthorized vehicle access, except for utility, emergency, police, fire, and other authorized maintenance vehicles. Both the Servient Owner and the City shall be provided with keys to operate all locking barriers.



8. Survival. The rights and obligations of the Servient Owner shall run with the property and shall inure to the benefit of and be binding upon their respective successors and assignees.
9. Indemnification. Each party (the Dominant and Servient Owner) shall, respectively as indemnitor, indemnify and hold harmless the other as indemnitee, its officers, elected officials, agents, employees, from and against any and all claims, actions, suits, proceedings, costs, expenses (including reasonable attorney's fees), or damages arising out of or relating to any act or omission of the other party, its agents, contractors or employees, in connection with the rights exercised under this Agreement, and only to the extent caused by the sole or concurrent negligence of the indemnitor. Such indemnification shall not be effective to the extent that the damage or injury results from the sole negligence or willful misconduct of the other party. In the event that both parties are held to be jointly liable in any final judgment in any suits arising out of their acts or omissions, each party's duty to indemnify the other for liability arising therefrom shall be divided proportionately between the parties according to the relative degrees of their liability. Each party further waives, with respect to the other party only, its immunity under RCW Title 51, Industrial Insurance.
10. Notices. Any notice, request, approval, designation, direction, statement or communication shall be in writing and delivered to the following:
- Seattle Public Utilities,
Real Estate Services
710 2nd Ave., Floor 9A
Seattle, WA 98104
11. Termination. This easement shall terminate when the Dominant Owner gives written notice of its intent to terminate, removes all utility pipelines and appurtenances from the abutting alley and the easement area, and ceases to use the easement area for utility purposes.



After recording, return to:
City of Seattle
Seattle Public Utilities
Real Estate Services
710 Second Avenue, 10th floor
Seattle, WA 98104

QUIT CLAIM DEED

Reference number of related documents:

Grantor: Seattle Cohousing, LLC

Grantee: City of Seattle

Abbreviated Form of Legal Description: Alley running north-south, Block 2, Rainier Addition to the City of Seattle, Volume 9, page 59.

Additional legal description is on page 1 of document.

Assessor's Property Tax Parcel Account Number(s): Not Applicable

The Seattle Cohousing, LLC ("Grantor"), hereby conveys and quit claims to the City of Seattle, a Washington municipal corporation ("Grantee"), for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration all right, title and interest (including underlying fee simple interest), together with all after acquired title of the grantor herein, in the following real estate located in the City of Seattle, King County, Washington, known as the alley that runs north-south from the corner of S Dearborn Street and Davis Place S to the corner of S Charles Place and Hiawatha Place S and legally described as follows:







Exhibit XI
Construction Agreement Between SPU and Purchaser

Dearborn Hiawatha Development Project
Construction Agreement

Seattle Cohousing, LLC and the Seattle Public Utilities (City) hereby enter into this agreement governing the construction of Seattle Cohousing's project.

1. Approval of Construction Plans. Seattle Cohousing will allow the City to review and approve in writing any construction plans and activities within 100 feet of the pipeline. This shall include but not be limited to grading, pile driving, auguring, excavation and/or the use of explosives.
 - A. Seattle Cohousing will provide 3 sets of scalable plans of proposed improvements.
 - B. Seattle Cohousing will provide 3 sets of scalable "Plan view" Landscape Plans, that identify plant species and clearly show the location of the Transmission Pipeline, and the margins of the Blocks, Lots, Reserved 2 foot Easement, and the Alley.
 - C. Seattle Cohousing will provide As-builts within 120 days of construction completion.
1. Fill and Grading Over Pipeline. Seattle Cohousing shall prepare a detailed grading plan that provides for new contours on Seattle Cohousing's property which abuts the alley. The plan shall be submitted to the City for review and approval. After approval, the City shall design a compatible grading plan for the Alley and increase the ground cover to two feet over the pipeline where needed. The City shall complete the grading and filling work in the alley in a timely manner, provided that City receives from Cohousing its project and construction schedule in a timely manner to coordinate the scheduling of grade improvements to the alley.
2. Conditions of Use. The City shall allow Seattle Cohousing to use the Alley after obtaining a Street Use Permit from the Seattle Department of Transportation, under the following terms and conditions:
 - B. Maximum Weight Prohibition. Any vehicle, equipment or machinery exceeding a weight of 8000 pounds will be prohibited from using the Alley unless such additional protection occurs by using steel plates, wood matting, concrete bridging or other protective methods, reviewed and approved by the City prior to use of the Alley.
 - C. Seattle Cohousing's Obligation to Restore. If Seattle Cohousing disturbs the surface or subsurface of the alley, Seattle Cohousing shall restore the property to a condition as good or better than the condition the property was in prior to such disturbance with the exception of any approved fill.
4. Timely Review of Plans. Seattle Public Utilities (SPU) will make a good faith effort to expedite review and to return its comments/requests for revisions, disapproval, or approval



on the plans and specifications. Seattle Cohousing shall provide additional information and revisions requested by SPU to complete its review.

5. Construction Activity. Seattle Cohousing's construction activities shall be conducted in a manner to avoid excessive vibrations of said pipes, destabilization of the ground support for the pipes or otherwise threaten the integrity or operation of the pipelines.

E. There shall be no excavation below an area defined by an "influence line." The "influence line" shall be a line drawn and extended at a 1:1 slope from the top of any water pipeline(s) in the 2-foot Easement or the Alley. Plans for foundations or walls extending below the influence line outside the 2-foot Easement must be reviewed and approved by the City through its Director of Seattle Public Utilities.

F. No construction activity is permitted which would result in ground movement at the pipeline of 0.5 inches/sec. Examples of construction activity which cause ground movement of this magnitude are pile driving or operating a large track-hoe with a pavement breaker very near or over the pipe.

6. Notices.

- A. Any notice, request, approval, designation, direction, statement or communication shall be in writing and delivered to the following:

The City of Seattle
Seattle Public Utilities,
Real Estate Services
710 2nd Ave., Floor 9A
Seattle, WA 98104

Seattle Cohousing, LLC
c/o David Kerruish
999 Third Ave., #3230
Seattle, WA 98104

- B. Contact Lake Youngs at (425) 255-2242 at least 48 hours prior to working or excavating over the Water Transmission Line or excavation below the "influence line" as described in paragraph 5A above.

C. The Seattle Public Utilities' 24 hour emergency contact number is (206) 386-1800.

D. For Street Use Permit to work in the Alley, contact Larry Knutson at 206-233-0023.

City of Seattle

Seattle Cohousing, LLC

by: _____

by: _____

SEATTLE PUBLIC UTILITIES

Oksana Winstead,

Managing Board

Member



ORDINANCE

AN ORDINANCE relating to the sale of land for housing development in the I-90 Redevelopment Project area; authorizing the sale of Dearborn-Hiawatha Parcel 3 and 4a to Seattle Cohousing, LLC; authorizing the Director of Office of Housing to execute, deliver, and administer the contract for sale of land and to execute and deliver a deed; authorizing Seattle Public Utilities to accept and assume jurisdiction of the Alleyway upon recording of a deed; and ratifying and confirming prior acts.

WHEREAS, the City obtained ownership of certain parcels known as the "Dearborn-Hiawatha Properties" from the State of Washington, Seattle Housing Authority, King County, and private owners; and

WHEREAS, the City owns, maintains, and wishes to protect the Cedar River Transmission Pipeline that runs underground along the platted alleyway to the east of the subject property; and

WHEREAS, the City adopted the I-90 Area Development Policies on January 23, 1989, by Resolution No. 27901, which Policies were amended on December 11, 1995, by resolution 29258; and

WHEREAS, the City's Ordinance No. 117612, passed on April 24, 1995, directed the Department of Neighborhoods, in coordination with the Department of Housing and Human Services and the Office of Economic Development and in consultation with the Jackson Place Community Council, to proceed with the planning for the redevelopment of the combined residential, commercial and industrial parcels known as "Dearborn-Hiawatha" and that City Council would consider a proposed redevelopment plan which may not be consistent with the I-90 Area Development Policies; and

WHEREAS, the City desires to promote affordable homeownership and economic development in the Jackson Place Community, consistent with the City of Seattle Comprehensive Plan adopted July 25, 1994 and the 1999-2000 Consolidated Plan adopted September 21, 1998, as amended February 8, 1999; and

WHEREAS, the City Council passed Ordinance 119318 which rezoned the property from C-1 (40) to NCR3(40) as recommended by the Jackson Place Community Council through the Central Area Neighborhood Plan; and

WHEREAS, the City Council by Resolution No. 29707 adopted March 2, 1998, approved the issuance of the Request for Developer Qualifications and Preliminary Proposals dated March 16, 1998 (the "RDQ"), which specifies the goals and process for disposition of the Dearborn-Hiawatha Properties; and

WHEREAS, the City has conducted a competitive process through the RDQ; and

WHEREAS, in response to the RDQ, Seattle Cohousing, in conjunction with HomeSight and Icon Architecture which are not parties to this property sale, submitted a proposal dated July 6, 1998, to acquire Dearborn-Hiawatha Parcels 3 and 4a and construct thereon a multifamily cohousing development; and

WHEREAS, the Director of the City's Department of Neighborhoods has determined that the Proposal is complete and responsive to the RDQ; the Proposal has been reviewed and evaluated by the City's Developer Selection Committee; and the Mayor has recommended that the Proposal be accepted; and

WHEREAS, the City Council passed Ordinance 119440 transferring jurisdiction of the Dearborn-Hiawatha property and the authority for the sale of the designated parcels from the Department of Neighborhoods to the Office of Housing;

WHEREAS, the payment for the transfer of the property to Seattle CoHousing will be in the amount of the market value and such funds transferred to the Urban Renewal Closeout Subaccount;

WHEREAS, the Seattle Cohousing wishes to assume no control or interest in the platted unopened alleyway abutting the property, which is the location of the City's Cedar River Water Pipeline No. 3, and wishes to release and quitclaim to the City any interest it may acquire;

WHEREAS, City is willing to accept the fee interest in the alleyway which will be transferred to the jurisdiction of Seattle Public Utilities;

NOW THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The sale by the City of Seattle to Seattle Cohousing of the parcel of real property legally described as follows (the "Property"):

Lots 1 through 10, inclusive, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, in King County, Washington.

Subject to an easement over

That portion of Lots 10, 7 and 8, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington, lying east of a line distant 2 feet westerly of and parallel to the most Easterly lines of said Lots 10, 7 and 8 (said parallel line measured at right angle to said most Easterly lines), the terms of which are set forth in the Exhibit A attached to the Special Warranty Deed;

situate in the City of Seattle, County of King, State of Washington.

for the purpose of housing development, for the price of SEVENTY TWO THOUSAND DOLLARS AND NO CENTS (\$72,000.00), as provided in the Form of Purchase and Sale Agreement attached hereto as Attachment A, is hereby authorized.

Section 2. The Director of the Office of Housing ("Director") is hereby authorized to execute, deliver and administer for and on behalf of the City of Seattle a "Purchase and Sale Agreement" ("Contract") with Seattle Cohousing for the sale of the Property, in substantially the form attached hereto as Attachment A, with any modifications approved by such Director consistent with the terms of this ordinance. In order to carry out the Contract for and on behalf

of the City, the Mayor or Director is authorized to execute a Special Warranty Deed for the Property in substantially the form attached hereto as Exhibit IX to the Contract, and upon satisfaction of the conditions precedent under the Contract, the Director is authorized to cause the deed to be delivered.

Section 3. The Director is hereby authorized, for and on behalf of the City, to approve construction plans and changes thereto as being in conformity with the Contract and the Hiawatha Place Request for Developer Qualifications and Proposals, to grant such consents and approvals as she shall deem appropriate to carry out the intent of this ordinance; and to issue appropriate certification when improvements contemplated in the Contract have been completed.

Section 4. Payments made from escrow at closing, from funds deposited by or on behalf of Seattle Cohousing, of prorated assessments and other costs payable by the City at closing pursuant to the terms of the Contract, shall be credited toward payment of the purchase price of the Property. Net proceeds paid to the City, shall be deposited in the Urban Renewal Closeout Subaccount, to reimburse the City's costs of acquiring, holding, and disposing of the Property.

Section 5. For consideration of ten dollars (\$10.00) payable from the Water Fund Seattle Public Utilities is authorized to accept and assume jurisdiction of the Alleyway upon recording of the Quit Claim Deed (Exhibit X to the Contract)

Section 6. Any act pursuant to the authority and prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 7. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of ____, 199~~8~~, and signed by me in open session in authentication of its passage this ____ day of ____, 199~~8~~.

President of the City Council

Approved by me this ____ day of ____, 199~~9~~~~1000~~.

Paul Schell, Mayor

Filed by me this ____ day of ____, 1999.

City Clerk

(Seal)

Attachment A: Purchase and Sale Agreement with Exhibits

h:\eliza\property\hiz.watha parcel 3 & 4\legislative packet\schor050399.doc

SEATTLE COHOUSING

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "Agreement") is made as of _____ 1999, by and between the City of Seattle, a municipal corporation of the State of Washington (the "City"), and Seattle Cohousing, LLC, a Washington Limited Liability Corporation, ("Purchaser"), whose address is 3040 - 164th Place NE, Bellevue, WA 98008.

WITNESSETH:

WHEREAS, the City obtained ownership of certain parcels known as the "Dearborn-Hiawatha Properties" from the State of Washington, the Seattle Housing Authority, King County, and private individuals ; and

WHEREAS, on January 23, 1989, by Resolution No. 27901, the City adopted the I-90 Area Development Policies which Policies were amended on December 11, 1995, by Resolution 29258; and

WHEREAS, the City's Ordinance No. 117612 dated April 24, 1995, directed the Department of Neighborhoods, in coordination with the Department of Housing and Human Services and the Office of Economic Development and in consultation with the Jackson Place Community Council, to proceed with the planning for the redevelopment of the Dearborn-Hiawatha Properties; and

WHEREAS, the City desires to promote affordable home ownership and economic development in the Jackson Place Community, consistent with the City of Seattle Comprehensive Plan adopted July 25, 1994 and 1999-2000 Consolidated Plan adopted Sep 21, 1998, and amended Feb 8, 1999 ; and

WHEREAS, to provide flexibility in the planning process, the Seattle City Council would consider a proposed redevelopment plan which may not be consistent with currently approved I-90 Area Development Policies but reflects the Jackson Place Community's vision for these properties; and

WHEREAS, the City Council passed Ordinance 119318 which rezoned the property from C-1 (40) to NCR3(40) as recommended by the Jackson Place Community Council through the Central Area Neighborhood Plan; and

WHEREAS, by Resolution 29707 dated March 2, 1998, the Seattle City Council approved the issuance of the Request for Developer Qualifications and Preliminary



Proposals dated March 16, 1998 (the "RDQ"), which specified the goals and process for disposition of the "Dearborn-Hiawatha Properties"; and

WHEREAS, the City has conducted a competitive process through the RDQ; and

WHEREAS, in response to the RDQ, Purchaser, in conjunction with HomeSight and Icon Architecture, Ltd, which entities are not parties to this Agreement, submitted a proposal dated July 6, 1998 (which shall be hereinafter referred to as the "Proposal") to acquire the Property (defined below) and construct thereon a condominium to be operated and administered as a cohousing development; and

WHEREAS, the Director of the Department of Neighborhoods of the City has determined that the Proposal is complete and responsive to the RDQ; the Proposal has been reviewed and evaluated by the City's Developer Selection Committee; and the Mayor has recommended that the Proposal be accepted; and

WHEREAS, the City Council passed Ordinance _____ transferring jurisdiction of the Dearborn-Hiawatha property and the authority for the sale of the designated parcels from the Department of Neighborhoods to the Office of Housing; and

WHEREAS, by Ordinance _____, dated _____, the Seattle City Council accepted the Mayor's recommendation that the Proposal to purchase and develop the Property be accepted; authorized the Director of the Office of Housing ("Director") to execute, deliver and administer a real estate purchase and sale agreement, which is this Agreement; and designated the disposition of sales proceeds; and

WHEREAS, the City believes that the redevelopment of the Property pursuant to this Agreement, and the fulfillment, generally, of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable federal, state, and local laws and requirements under which the redevelopment project has been undertaken; and

WHEREAS, Purchaser has submitted to the City the Proposal, which contains the proposed initial plans ("Conceptual Design") describing the redevelopment project and its architectural character, the provisional allocation of residential and community space, and the relationship to the surrounding environment of the Improvements to be developed on the Property;

Now, therefore, the parties hereto, for and in consideration of the promises and mutual obligations herein undertaken, do hereby agree as follows:

PART I – PURCHASE AND SALE

Section 1. Agreement to Convey Property

Subject to all of the terms and conditions of this Agreement, the City agrees to sell and convey to Purchaser that certain real property located in the City of Seattle, commonly known as Parcels 3 and 4a of the Dearborn-Hiawatha Properties, and legally described on the attached Exhibit I (the "Property"), and generally located as shown on the map attached hereto as Exhibit II. The conveyance shall be made subject to the reserved easement contained as Exhibit A to the Special Warranty Deed (on the attached Exhibit IX).

Section 2. Payment of Purchase Price

Purchaser agrees to pay to the City the sum of Seventy Two Thousand Dollars (\$72,000.00, the "Purchase Price") for the Property. The Purchase Price is payable at Closing (as provided in Section 8 below) in cash, by wire transfer, or by cashier's check. The Earnest Money Promissory Note shall be returned by the City to the Purchaser upon payment of the Purchase Price and completion of Closing.

Section 3. Conveyance

Upon (i) the payment of the sum provided in Section 2, and all other amounts required to be paid by Purchaser hereunder; and (ii) the satisfaction of the conditions set forth in this Agreement, the City shall convey title to the Property, by special warranty deed in the form attached hereto as Exhibit IX (the "Special Warranty Deed"), which is hereby approved as to form by Purchaser.

Section 4. Title Insurance

The City shall at its expense provide Purchaser with an ALTA Standard Coverage Owner's policy of title insurance, issued by Pacific Northwest Title Company of Washington, Inc. ("Title Company") in the amount of the Purchase Price of the Property, insuring Purchaser as the sole fee title holder as to the Property.

Purchaser has reviewed a preliminary title commitment (individually and collectively, the "Title Commitment") from Pacific Northwest Title Company, Order no. 325770, dated October 13, 1997, as supplemented through supplement no. _____ dated _____, along with all documents referenced in the Title Commitment (Exhibit IV). Any claims, liens, encumbrances and defects (collectively, "Permitted Exceptions") shown thereon are hereby approved and accepted by Purchaser. Prior to the date of closing, the City shall not further encumber the property, or permit additional encumbrances to attach to the Parcel. Upon receiving notice of the closing date from the Purchaser, the City shall provide at its expense one title update or supplement to the purchaser, to cover the period from the preliminary title commitment dated October 13, 1997 up to a date one week prior to closing. If title to the Property is not insurable at Closing of the

Property free and clear of all liens ("Liens"), except for the Permitted Exceptions, then the parties may, by mutual written agreement, (i) extend the Closing of the Property for up to an additional one hundred eighty (180) days to allow the City or, at Purchaser's option, the Purchaser, to remove such Liens, or (ii) terminate this Agreement as provided herein, provided, the City shall return the original Earnest Money Promissory Note to Purchaser, or (iii) continue this Agreement and Purchaser may purchase the Property as otherwise provided in this Agreement.

Purchaser may obtain additional title insurance coverage beyond the standard coverage provided by the City, and Purchaser shall pay any difference in the cost between the standard coverage policy and the increased premium related to the increase in coverage.

Section 5. Conditions Precedent

The following shall be conditions precedent to the City's obligation to convey the Property:

- a) Purchaser shall have obtained approval from the Director for the Landscaping Plan for the Property.
- b) Purchaser shall have obtained a Master Use Permit ("MUP") for the Improvements described in the Conceptual Design (Exhibit VI) as revised and approved by the Director in writing.
- c) Purchaser shall have obtained a grading permit for the Improvements from DCLU.
- d) Purchaser shall provide evidence satisfactory to the City that Purchaser has the necessary financing to fund the construction of the improvements as provided in Section 307.
- e) Purchaser shall have obtained approval from the Director of the final development schedule as provided in Section 310.
- f) Purchaser shall have provided satisfactory evidence to the Director that it has executed contracts for architectural and construction services.
- g) Purchaser shall have deposited with Pacific Northwest Title Company (the "Escrow Agent") for delivery to the City, the sum of money required to pay the Purchase Price of the Property as stated under Section 2 of this Agreement and all other amounts payable by Purchaser hereunder in cash or cashiers check or by wire transfer.
- h) Purchaser's representations contained herein shall be true as of the Closing of the Property.



- i) Purchaser shall otherwise be in compliance with all of the terms hereof.

The following shall be conditions precedent to Purchaser's obligation to purchase the Property;

- a) Purchaser shall have obtained a MUP for the Improvements.
- b) Purchaser shall have obtained approval from the Director for the Master Use Application and the Landscaping Plan for the property.
- c) The City shall have deposited with the Escrow Agent the Deeds and all other documents and instruments necessary to transfer fee title in the Property.
- d) At Closing of the Property, title to that Property shall be free and clear of all Liens except for the Permitted Exceptions.
- e) Purchaser shall have obtained a Financing Commitment for the project.
- f) The City's representations contained herein relating to the Property shall be true as of Closing of the Property.
- g) The City shall otherwise be in compliance with all of the terms hereof.

Section 6. Earnest Money

Immediately upon execution of this Agreement, Purchaser shall deliver to the City the earnest money promissory note ("Earnest Money Promissory Note", Exhibit VII) in the amount of Seven Thousand Two Hundred Dollars (\$7,200.00), which is ten percent (10%) of the Purchase Price. The Earnest Money Promissory Note shall be payable by Purchaser and personally guaranteed by William J Sellars, and shall be held by the City until such time as Purchaser becomes entitled to return of the Earnest Money Promissory Note under the terms hereof, or until the City becomes entitled to the payment of such Earnest Money promissory Note under the provisions of this Agreement.

Section 7. Release and Quitclaim of Rights to Abutting Alley.

Purchaser, its heirs, successors and assigns, agrees to release, convey, and quitclaim to the City, its successors and assigns, all rights, title, and interest to the alley described in Exhibit II. Purchaser shall execute the quit claim deed ("Quit Claim Deed", Exhibit X) and the Quit Claim Deed shall be recorded following the recording of the Special Warranty Deed (Exhibit IX) transferring title to the Property as provided by Section 8(D). If requested by the City, Purchaser, its heirs, successors and assigns, shall join with the City in petitioning for vacation of the alley after the completion of development of the Property. It is the intent of the Purchaser, on behalf of its heirs, successors and assigns, that the recording of the Quitclaim Deed shall vest in the City all title, right and interest in the alley,



and the rights so conveyed shall not be divested by any future process brought for the vacation of the alley.

Section 8. Closing

A. "Closing" shall mean the execution, delivery and recording (as appropriate) of all documents and payment of all funds into escrow as provided herein.

B. Closing shall take place on such date as the Purchaser shall specify in a written notice to the City, which written notice (i) shall be delivered to the City at least ten (10) days in advance of the closing date specified in such written notice, and (ii) may be given at any time after all conditions required herein to be satisfied prior to Closing, other than deposit of funds, have been satisfied, but in any event closing shall occur no later than July 1, 2000. Purchaser is allowed two closing extensions, subject to the approval of the Director, to (a) July 1, 2001 and (b) July 1, 2002. The Purchase Price shall be increased by seven hundred twenty dollars (\$720.00) per month (1% of Purchase Price) for each month that closing is delayed beyond July 1, 2000.

C. At least seven (7) days in advance of Closing, the City and Purchaser shall each deliver to the Escrow Agent for deposit into escrow, with a copy to the other party, all of the documents, instruments, promissory notes, monies and instructions necessary to complete the transfer of said Property pursuant to the terms of this Agreement, each document, instrument and instruction bearing all the original signatures called for therein. Such documents, instruments and instructions include, without limitation, the Deeds and the parties' respective escrow instructions, if any. The Escrow Agent shall hold all of these documents, instruments, promissory notes and monies in escrow and shall not release or return them, except pursuant to the written instructions of both the City and Purchaser.

D. At Closing, the Escrow Agent shall be instructed to record the Special Warranty Deed (Exhibit IX) first. After, and only after the recording of the Special Warranty Deed, the Escrow Agent shall cause the Quit Claim Deed (Exhibit X) to be recorded. The Escrow Agent shall instruct the King County Office of Records and Elections to mail the original of the Special Warranty Deed following recording, to the Purchaser as grantee. The Escrow Agent shall, following recording, mail to the City as grantee, the original Quit Claim Deed.

E. The escrow fee charged in connection with this closing shall be paid one-half each, by the Purchaser and the City. Any taxes, assessments or public charges that are payable with respect to the Property during the City's ownership thereof shall be prorated and paid by the City as of Closing, Purchaser shall pay the cost of recording the deeds and any documents required by Purchaser's financing.

F. At Closing, Purchaser shall pay to the City, through the Escrow Agent, a cash deposit of three thousand six hundred dollars (\$3,600.00) an amount equal to five percent (5%) of the Purchase Price ("Completion Deposit") as security for completion of



the Improvements to be constructed. The Completion Deposit (as defined in Section 314) shall be returned to Purchaser upon receipt by Purchaser of a Certificate of Completion for said Improvements. This Completion Deposit shall be held in the City Department of Finance Clearing Account until such time as the Purchaser becomes entitled to return of such Completion Deposit under the terms hereof, or until the City becomes entitled to retain such Completion Deposit under the provisions of this Agreement. Purchaser shall not be entitled to interest on the Completion Deposit.

G. The City shall submit the Earnest Money Promissory Note to the Escrow Agent who shall surrender it to the Purchaser in exchange for payment of the Purchase Price as described in Section 2 of this Agreement

H. If the sale fails to close due to fault of one of the parties, as described in Sections 702 and 703 of Part III of this Agreement, then such party shall be solely responsible for all escrow and title insurance cancellation charges. If the sale fails to close by the date set forth in subsection A above for reasons other than those set forth in Sections 702 or 703, then the Earnest Money Promissory Note shall be returned to Purchaser, and the Purchaser shall pay one half of any escrow or title insurance cancellation charges and the City shall pay one-half from the City's own funds.

Part II - DEVELOPMENT

SUBPART 100 - COMPLIANCE WITH CONCEPTUAL DESIGN

Section 101. Compliance with Proposal and Conceptual Design; Improvements

Purchaser shall develop the Master Use Permit application substantially as shown in the Conceptual Design (Exhibit VI) or as otherwise approved in writing by the Director, and in compliance with all applicable state and local laws and regulations. The improvements to be constructed on the Property, more specifically to be described in the Construction Documents to be submitted to DCLU and Office of Housing by Purchaser as provided hereunder, are referred to as the "Improvements."

SUBPART 200 - ACCEPTANCE, CONDITION AND POSSESSION OF PROPERTY

Section 201. Acceptance AS IS

Purchaser acknowledges and agrees that (i) the City has provided Purchaser with a Phase I environmental assessment with regard to the Property, dated April 1991, prepared by Parametrix Inc., and a Report of Geotechnical Investigation and Modified Environmental Assessment with regard to the Property, dated July 1, 1996, prepared by PacRim Geotechnical, Inc. (together the "Environmental Assessment"), (ii) Purchaser has been informed that Giant Hogweed, a King County designated noxious weed has infested portions of the Property, and information describing the property owner's

responsibilities associated with such weeds are attached hereto in Exhibit V; (iii) Purchaser has been afforded the opportunity to make such investigations and inspections of the Property and of the City's records with respect to the Property and matters related thereto as Purchaser desires, (iv) Purchaser has entered into this Agreement on the basis of its own investigation of the physical condition of the Property, including subsurface conditions. Purchaser further specifically acknowledges and agrees that notwithstanding any prior or contemporaneous oral or written representations, statements, documents, reports, studies or communications of the City, this Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous oral or written representations, statements, documents, reports, studies or communications. In addition, Purchaser specifically acknowledges and agrees that EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THIS AGREEMENT, THE CITY DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY OR ANY RELATED MATTER are sold to Purchaser in an "AS IS" condition as of Closing and, except as specifically set forth in Section 202 hereof, Purchaser assumes the risk that adverse physical conditions may not have been revealed by its investigation, (v) Purchaser explicitly took into account such risk in its decision to enter into this Agreement on the terms set forth herein, and (vi) except as otherwise provided herein, Purchaser will accept title to the Property in their AS IS condition subject to all defects and conditions, including such defects and conditions, if any, that may not have been revealed by Purchaser's investigation.

Section 202. Changes in Condition

1. Purchaser has inspected the Property in its present condition as of the date of this Agreement and such inspection has not disclosed any physical condition that would materially impair the development thereof as contemplated hereunder.
2. If Purchaser or the City becomes aware of any change in the physical condition of the Property or any portion thereof after the date of this Agreement that would materially impair the feasibility of the project as contemplated hereunder or would substantially increase the hard construction costs of the project (a "Changed Condition"), such party shall within ten (10) days of becoming aware of such Changed Condition notify the other party in writing of such Changed Condition.
 - a) If the Changed Condition is caused by Purchaser or its agents, employees, or contractors, Purchaser shall restore the Property to its prior condition.
 - b) If the Changed Condition is caused by the City or its agents, employees or contractors, the City shall at its discretion (i) restore the Property to its prior condition and reimburse Purchaser for Purchaser's damages caused by the Changed Condition or the City's restoration of the Property, or (ii) terminate this Agreement by written notice to Purchaser, return the Earnest Money Promissory Note, and reimburse Purchaser for all out-of-pocket costs directly



related to development of the Property and incurred by Purchaser from August 24, 1998, the date of preliminary developer selection, through the date on which the City notifies Purchaser in writing of its election of termination.

- c) If neither Purchaser nor the City is responsible for the Changed Condition, which may include, but shall not be limited to the discovery of pre-existing Hazardous Substances on the Property, then (i) if, within fifteen (15) days after the City sends or receives written notice of the Changed Condition, the City gives written notice to Purchaser that the City elects to remedy the Changed Condition, then this Agreement shall remain in effect and the City shall remedy the Changed Condition prior to Closing, or (ii) if the City does not give written notice of such election within said fifteen (15) days, then Purchaser shall have the option, by written notice to the City no later than fifteen (15) days after sending or receiving notice of the Changed Condition to terminate this Agreement and the City shall return the Earnest Money Promissory Note, in which case neither party shall have any further obligation or liability, of any kind whatsoever, to the other under this agreement.
3. Any written notice from Purchaser to the City hereunder that Purchaser is prepared to close the purchase of the Property shall constitute Purchaser's representation that it has reinspected the Property and agrees to accept it in its condition on the date of such notice, whether or not such condition has changed from the date hereof.
4. Purchaser has been advised that improvements will be required to the existing infrastructure, including but not limited to utilities serving the Property, but the extent of such required improvements to the infrastructure has not been determined. If, prior to the Closing of the Property under this Agreement, Purchaser determines in its sole discretion that the cost to Purchaser of required infrastructure improvements will exceed the two hundred thousand dollars (\$200,000) initially estimated, and will materially impair the feasibility of the project, as contemplated hereunder or will substantially increase the hard construction costs above, Purchaser shall have the option, as Purchaser's sole recourse, to terminate this Agreement by written notice to the City and receive the return of Earnest Money Promissory Note, and thereafter neither party shall have any further obligation or liability, of any kind whatsoever, to the other under this Agreement.
5. Together with any notices required under this Section, the parties shall, to the extent they have not already done so, provide the other party with a copy of any reports or findings that disclose the Changed Condition or describe how such Changed Condition would in fact materially impair the development of the Property as contemplated hereunder, or would substantially increase the cost of such development.

Section 203. Possession

Purchaser shall be entitled to exclusive possession of the Property (subject to the rights of the City contained herein) upon recording of the Special Warranty Deed.

Section 204. Right of Entry

The City hereby grants to Purchaser and Purchaser's employees, agents and contractors, the right as of the date of this Agreement to enter upon the Property from time to time, prior to any termination of this Agreement, for the purpose of conducting therein and thereon such inspections and studies as Purchaser may reasonably deem necessary or appropriate with respect to developing the Improvements, but only in accordance with the conditions described in Exhibit VIII.

Section 205. Indemnification.

Purchaser hereby agrees to release and forever discharge, indemnify, defend and hold the City, and its elected officials, employees and agents, harmless from and against any and all liability, including without limitation any claims, liability, costs, damages or fees (including but not limited to reasonable attorneys' fees and costs) incurred as a result of or in connection with Purchaser's entry onto any portion of the Property owned by the City, or the adjacent pipeline corridor, including but not limited to Purchaser's release of any Hazardous Substances thereon. The term "Hazardous Substances" shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined or listed by any federal, state or local statute, regulation or ordinance pertaining to the protection of human health or the environment and shall specifically include petroleum oil and its fractions.

Section 206 Remediation by City Prior to Closing

Purchaser has commissioned a Phase II Subsurface Soil Investigation of the Property by PBS Environmental, the results of which are summarized in a letter dated March 31, 1999 which states that PBS found no evidence of significant soil contamination in the areas investigated. If during the period after execution of this Agreement and prior to the closing on the Property, Purchaser discovers and gives written notice of the location of underground storage tanks ("UST") located on the property, the City shall cause to be removed, or shall credit against the Purchase Price the expenses incurred by Purchaser that are pre-approved by the City in writing not to exceed fifteen thousand dollars (\$15,000), for removal of all underground storage tanks discovered on the Property, for cleaning or removing any soils contaminated with Hazardous Waste, and the cost of any report required to certify the successful removal of the UST's and the contaminated soils that may be required by law. In addition, the City will provide one site clean-up, in close proximity to the closing date, and upon request by the Purchaser, whereby all garbage and waste visible from a non-intrusive inspection of the soils, located on the Property will be removed from the site at the City's sole cost, which costs shall not exceed the maximum amount of fifteen thousand dollars (\$15,000.00) provided above.

Section 207. Construction Agreement

The City owns and maintains the Cedar River Pipeline #3 that is located below

ground in the sixteen (16) foot alley that runs north-south immediately to the east of the property. Purchaser agrees to follow the terms and conditions in the construction agreement ("Construction Agreement", Exhibit XI) in planning for and constructing the Improvements on the property.

SUBPART 300 - PLANS, APPROVALS, FINANCING AND CONSTRUCTION

Section 301. Community Meetings on Conceptual Design

If so requested by the Director, Purchaser agrees to attend one or more community meetings to present the Conceptual Design and hear comments from neighboring residents and businesses, which comments shall not be binding upon Purchaser or require Purchaser to amend the Conceptual Design or other documents relating to the Improvements.

Section 302. MUP Design, Approval of MUP Design by the Director; Master Use Permits

Within one hundred eighty (180) days of the date of this Agreement, Purchaser shall prepare and submit to the Director plans and specifications with respect to the construction of the Improvements (the "MUP Design") substantially as shown in the Conceptual Design or as revised and approved in writing by the Director, and in sufficient completeness and detail for application for issuance of a Master Use Permit for the Improvements by the City's Department of Construction and Land Use ("DCLU"). The MUP Design shall include a landscaping plan ("Landscaping Plan") showing details of layout and plant materials on the Property. If the MUP Design conforming to this Agreement are not submitted within such period, the City shall have the right, by notice to Purchaser and Escrow Agent, to terminate this Agreement, in which case the Earnest Money shall be retained by the City as liquidated damages, as the City's sole and exclusive remedy.

The Director shall review the MUP Design solely for the purpose of determining whether it substantially conforms to the Conceptual Design. The scope of the Director's review may include urban design issues such as massing, exterior materials, exterior details, landscaping and public amenities. The MUP Design and the Landscaping Plan shall be subject to review and approval by the Director, which approval is a condition to Closing. If the MUP Design does not thus conform, the Director shall so notify Purchaser in writing, providing a statement of the specific reasons for the rejection of the submitted MUP Design. In such event, Purchaser may submit a revised MUP Design to the Director for the purpose set forth above. If the revised MUP Design fails to substantially conform to the Conceptual Design, the Director shall so notify Purchaser in writing, providing a statement of exactly what changes the Director believes are required to bring the MUP Design into substantial conformance with the Conceptual Design. The Purchaser may within sixty (60) days thereafter submit a second revised MUP Design. If Purchaser fails to submit such a second revised MUP Design or the second revised MUP Design does not substantially conform to the Conceptual Design, then the City

may terminate this Agreement by written notice to Purchaser and the Escrow Agent, such written notice of termination to be provided within fifteen (15) days of receipt of the second revised MUP Design, in which case the Earnest Money Promissory Note shall become immediately due and the funds secured by the Note shall be retained by the City as liquidated damages and as the City's sole and exclusive remedy, and neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement.

The Conceptual Design shall be superceded by the MUP Design upon the Director's approval of the MUP Design. Notwithstanding Director's approval of the MUP Design, the City may require the MUP Design to be further revised as required by DCLU through the Design Review, MUP and Building Permitting process.

Section 303. Construction Documents

Purchaser shall prepare plans and specifications with respect to the construction of the Improvements (the "Construction Documents") substantially as shown in the MUP Design approved in writing by the Director and in compliance with all applicable state and local laws and regulations and in sufficient completeness and detail for application for a building permit for the Improvements to DCLU. The application for a building permit submitted to DCLU by Purchaser relating to the Improvements shall include the Construction Documents for those Improvements. Purchaser shall submit the Construction Documents for the Property to the Director at the same time as Purchaser submits those Construction Documents to DCLU.

Section 304. Changes in MUP Design

If Purchaser desires to make any material changes to the MUP Design that would result in the MUP Design not conforming in material respects to the Conceptual Design, Purchaser shall submit the proposed changes to the Director. If the Director finds that the MUP Design as modified by the proposed changes, will materially conform to Conceptual Design, the Director shall approve the proposed changes and evidence her approval by endorsement of the same on the revised plan sheets and by notifying the Purchaser.

If the Director finds that the proposed changes to the MUP Design does not materially conform to the Conceptual Design, the Director, in the exercise of her reasonable discretion, may reject the proposed changes. If the Director rejects the proposed changes, the Director's written notice of such rejection shall contain a statement of the specific reasons for such rejection, and the Purchaser may within thirty (30) days submit a revision of the proposed changes, which the Director shall review within fifteen (15) days of receipt. If the revised proposed changes satisfy the Director's objections stated in the Director's prior written notice of rejection or otherwise satisfy the criteria set forth above, the Director shall approve the revised proposed changes and evidence her approval by endorsement of the same on the revised plan sheets and by notifying the Purchaser.



If the revised proposed changes do not satisfy the Director's written objections or the criteria set forth above, the Director may reject the revised proposed changes. If the Director rejects the revised proposed changes, the Director's written notice of such rejection shall specifically state the changes required by the Director for approval of the revised proposed changes. The Purchaser may thereafter submit second, revised proposed changes. If Purchaser fails to submit such second, revised proposed changes or if the second, revised proposed changes do not satisfy the criteria set forth above, then the City may terminate this Agreement by written notice to Purchaser and the Escrow Agent, such written notice of termination to be provided within fifteen (15) days of receipt of the second, revised proposed changes, in which case the Earnest Money Promissory Note shall be immediately due and payable and the amount paid retained by the City as liquidated damages, and neither party shall have any further claim, liability or obligation, of any kind whatsoever, to the other under this Agreement.

Section 305. Grading Permit

As a condition precedent to the City's obligations to sell the property to the Purchaser, a grading permit for construction of the Improvements must be issued by DCLU.

Section 306. Timely Review of Plans and Other Documents Requiring City Approval

If any transmittal or submission of the MUP Design and Landscaping Plan, or other documents requiring City approval contains conspicuous notice on the first page thereof that said plans or documents are subject to a fifteen (15) day time limit for Director review, and if, within fifteen (15) days of receipt, the Director does not give Purchaser written notice of rejection of or any changes to said plans required for conformity as allowed under this Agreement, then the plans as transmitted to the Director shall be deemed approved.

Section 307. Financing Commitment

As a condition precedent to the City's obligations hereunder, Purchaser shall provide Office of Housing a financing commitment from the Lender(s) and/or Investors(s) that demonstrates to the reasonable satisfaction of the Director that Purchaser will obtain all financing necessary to complete the Improvements to be constructed on the Property in accordance with the MUP Design and the Construction Documents, and that no term of the Financing Commitment is in material conflict with the terms of this Agreement, the MUP Design, or the Construction Documents. If Purchaser fails to submit such commitment by the later of July 1, 2000, or the date of the allowed extension under Section 8(B), then the City may, by notice to Purchaser, terminate this Agreement, in which case the Earnest Money Promissory Note shall be returned to Purchaser and neither party shall have any liability hereunder.



If the City does not give written notice to Purchaser within fifteen (15) days after receipt of a copy of the Financing Commitment that the terms thereof do not meet the criteria set forth in this Section, then the City shall be deemed to have approved the terms thereof; provided Purchaser shall mark the copy with conspicuous notice of the 15 day period for review.

Section 308. Architectural and Construction Agreements

As a condition precedent to the City's obligations hereunder, the Purchaser shall submit evidence satisfactory to the City that the final contract for architectural services and the final contract for construction services have been executed by Purchaser.

Section 309. Environmental Audits

Purchaser acknowledges receipt of a copy of the Environmental Assessment for the Property (Section 201). The City does not warrant the accuracy or completeness of the Environmental Assessment. If Purchaser commissions its own environmental review of the Property, then Purchaser shall provide a copy thereof to the City.

Section 310. Final Development Schedule and Time for Construction

The Purchaser shall submit to the City the final schedule ("Schedule") to proceed with construction on the Property as a condition precedent to Closing. The construction start date and the completion date shall be subject to review and approval by the Director, which approval is a condition to Closing.

Purchaser shall diligently proceed to complete construction of said Improvements according to the Schedule, provided that reasonable extensions for delays shall be granted by the Director as a result of Force Majeure as provided for in Section 819, or as reasonably requested by Purchaser in writing. If the actual completion date is expected to exceed the Schedule completion date, Purchaser shall, in advance of exceeding the Schedule completion date, prepare a written project update to the Director, which explains the reasons for the delay, proposes a revised schedule, and a requests an extension to the schedule. The work shall at all times be subject to inspection by the City.

Section 311. Director's Authority to Approve Changes

Recognizing that the development process often requires revisions to the design of Improvements, and adjustments to the development schedule, the Director reserves the right to approve in writing reasonable changes to the Conceptual Design, the MUP Design, and the Schedule presented in this Agreement. Purchaser shall submit such revision to the Director with a request for approval and with a conspicuous notice of the 15 day period for approval. Failure of the Director to approve within 15 days of receipt shall be deemed acceptance by the Director of the revision provided changes requested

by the Purchaser shall not substantially alter the project or unreasonably delay its completion.

Section 312. Report on Progress

Subsequent to the conveyance of the Property to Purchaser and until construction of the Improvements on the Property is complete as evidenced by issuance of a Certificate of Completion for the Property, the Purchaser shall, within ten (10) days of any written request by the City, forward to the Director a written report addressing the City's stated questions and/or providing the specific information requested relating to the actual construction progress of said Improvements.

Section 313. Purpose of Review of Plans and Inspection of Work

The work shall at all times be subject to inspection by Office of Housing on behalf of the City. Any inspection by Office of Housing, as provided in this Agreement is for the purpose of assuring that the Improvements substantially conform to the terms of this Agreement, the MUP Design and the Landscaping Plan approved by the Director. Such inspection shall not be construed as a representation or warranty to Purchaser or any third party that the Construction Documents are adequate for any purpose, that there has been or will be compliance on the part of any contractor or subcontractor with the Construction Documents, that construction has been or will be free from faulty material or workmanship, or as to any other matter. Purchaser shall cause this Section to be included in any contract for work into which Purchaser shall enter under this Agreement.

Section 314. Certificate of Completion of Improvements

The Certificate of Completion may be obtained only for the entire Property. Promptly after completion of the Improvements on the Property in accordance with the provisions of this Agreement and the approved MUP Design, as confirmed by an inspection by Office of Housing, the Director shall furnish Purchaser with a certificate of completion ("Certificate of Completion") substantially in the form attached hereto as Exhibit XII, for the Property upon which the Improvements have been properly completed. Purchaser shall follow the approved Landscaping Plan in all material respects in construction. Completion of the Landscaping Plan in accordance with said plan as approved shall be a condition to issuance of the Certificate of Completion. A Certificate of Completion shall be issued for the Property when the Purchaser has completed the Improvements pursuant to the Construction Documents and has cured any deficiencies noted by the City in its inspections. Delivery of a Certificate of Completion by the Director and the recording thereof by Purchaser shall be conclusive evidence of satisfaction of all of the obligations of Purchaser under this Agreement to construct the Improvements on the Property covered by such Certificate of Completion and of the termination of the condition subsequent in the Special Warranty Deed with respect to such Property. Upon delivery of a Certificate of Completion for the entire Property, unless the City has already exercised its right to retain the Security Deposit for

a breach or default on the part of Purchaser, the Security Deposit shall be returned to Purchaser. A breach or default on the part of the Purchaser may be caused by unapproved delays to the completion of construction as provided in the Schedule, approved by the Director, as a condition precedent to this Agreement, and failing to complete the construction in accordance with the MUP Design, or the Landscape Plan.

Within seven (7) days after a written request by Purchaser to issue a Certificate of Completion, if the Director shall refuse or fail to provide a Certificate of Completion in accordance with the provisions of this Section 314 within such seven day period, the Director shall, within seven (7) days of Purchaser's written request, provide Purchaser with a written statement indicating in adequate detail in what respects Purchaser has failed to complete the Improvements in accordance with the provisions of this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the opinion of the Director, for Purchaser to take or to cause to be taken to obtain such Certificate of Completion. When such acts or measures have been completed and the Director has reinspected the Improvements to confirm such completion, the Certificate of Completion shall be issued, and the Completion Deposit shall be refunded as provided in this Section. If Purchaser fails to complete such acts or measures within thirty (30) days of the Director's written statement, then the Completion Deposit related to such Improvements shall be paid to the City.

Section 315. Permits

The City acknowledges that the redevelopment of the Property and the requirements of this Agreement necessitate that Purchaser apply for and obtain certain permits and other similar authorizations, (collectively, the "Permits") from the City and other governmental agencies relating to the Property and the Improvements prior to Purchaser obtaining fee title to the Property. The City agrees that: (i) the failure of Purchaser to own fee title to the Property or any portion thereof shall not be a basis for rejecting Purchaser's application for or failing to issue any Permits; and (ii) that the City will provide information in a timely manner as requested by Purchaser which, information is required by the City and other governmental agencies in order to obtain the Permits.

The term "Permits" shall include without limitation Master Use Permits with SEPA, Neighborhood Design Review and Administrative Conditional Use; building permits; short plats and lot boundary adjustments and other similar authorizations and approvals; grading permits; shoring permits and public contract permits for work in public rights-of-way; and utility permits.

Except as otherwise provided in this Section, nothing in this Agreement is intended or shall be construed to require that the City exercise its discretionary authority under its regulatory ordinances to further the development of the Property, nor binds the City to do so. The City will process applications for permits as if such applications were made in the absence of this Agreement.

PART III – GENERAL

SUBPART 400 - REGULATORY CONDITIONS

Section 401. WMBE Goals

The parties agree that this contract does not involve a public work or consultant services to the City or the use of City funds, and that the minimum set-aside provisions of SMC Chapter 20.46A do not apply to this Agreement or to any aspect of the project contemplated hereunder. Nonetheless, in connection with the construction of the Improvements, Purchaser shall make a good faith, reasonable effort to (without any requirement that such enterprises be certified):

- a) Provide women's business enterprise and minority business enterprise participation by making a good faith, reasonable effort to commit the following percentages of the sum of Architectural/Engineering Services and Hard Construction Costs (excluding sales tax) for consulting, contracting or subcontracting, for the project to utilize the following types of businesses in the development of the Project:
 - i) three percent (3%) to women-owned businesses; and
 - ii) eighteen percent (18%) to minority-owned businesses; and
- b) Maintain records documenting the implementation of the goals of this Section.

SUBPART 500 - PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

Section 501. Use of Improvements

Purchaser represents and agrees that the purchase of the Property is for the purpose of immediate development of a residential complex as represented in the Proposal and not for speculation in land holding.

Section 502. Transfer of Property and Assignment of Agreement

Purchaser represents and agrees that:

A. Purchaser has not made or created or suffered to be made or created any assignment, conveyance, mortgage, lease, trust, power or transfer, of any sort, of this Agreement or any interest herein, or any interest in or relating to the Property, or entered into any agreement or contract to do any of the foregoing and, except as otherwise provided in this Section or as authorized by Sections 601-605 or Section 704 herein, Purchaser shall not do any of the foregoing prior to issuance of a Certificate of Completion without the prior written approval of the City, which may be withheld in the City's sole discretion; provided that this Subsection A does not apply to leases of space within the Improvements to tenants.



B. In order to request City approval for any transaction of the type referenced in Subsection A above, Purchaser shall submit to the City all documents relating to the proposed transaction and such information concerning the proposed transferee as the City shall request. If the City approves the transaction, as a condition of such approval, the transferee shall assume all obligations of Purchaser hereunder and shall agree to comply with such other conditions the City may find desirable in order to achieve and safeguard the purposes of this Agreement.

C. In the absence of a specific written agreement by the City to the contrary, no transfer or approval thereof by the City shall be deemed to relieve Purchaser, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Improvements, from any of its obligations with respect thereto.

SUBPART 600 - MORTGAGE FINANCING; RIGHTS OF MORTGAGEES

Section 601. Limitation Upon Encumbrance of Property

Prior to the issuance of a Certificate of Completion for the Improvements, Purchaser shall not engage in any financing or any other transaction creating any mortgage or other encumbrance or lien upon the Property without the express written consent of the Director, except for (1) Mortgages contemplated under Section 605 and other financing documents substantially as contemplated in a Financing Commitment from the Lender(s), approved or deemed approved by the City pursuant to Section 307 hereof, for acquisition of the Property and construction of the Improvements (the "Approved Financing"); and (2) member liens as defined in Section 606 securing the repayment to members of the Purchaser for advances made by such members to assist the purchaser in fulfilling Purchaser's duties under this Agreement.

Purchaser shall notify Office of Housing in advance of any proposed financing other than the Approved Financing or Member Liens, secured by mortgage or other similar lien instrument, that Purchaser proposes to enter into with respect to the Property or any part thereof (the "Proposed Financing"), and shall promptly notify the Director of any encumbrance or lien that has been created on or attached to the Property, whether by voluntary act of Purchaser or otherwise. If the terms of the Proposed Financing are reasonably satisfactory to the Director, considering Section 307 hereof, the City shall, approve such Proposed Financing.

Section 602. Mortgagee Not Obligated to Construct

Notwithstanding any of the provisions of this Agreement to the contrary, the holder ("Holder") of any mortgage authorized by the Agreement ("Mortgage") (including any such holder who obtains title to the Property or any portion thereof as a result of foreclosure proceedings, or action in lieu thereof) shall in no case be obligated by the provisions of the Agreement to construct or complete the Improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in the

Special Warranty Deed be construed to so obligate such Holder; provided, that nothing in this Section or any other Section or provision of the Agreement shall be deemed or construed to permit or authorize any such holder to devote the Property or any part thereof to any uses, or to construct any improvements thereon, other than those uses or Improvements provided or permitted in the MUP, the Proposal and this Agreement.

Section 603. Copy of Notice of Default to Mortgagee

Whenever the City shall deliver any notice or demand to Purchaser with respect to any breach or default by Purchaser in its obligations or covenants under this Agreement, the City shall at the same time forward a copy of such notice or demand to each Holder of any Mortgage which Holder has been identified to the City in writing by Purchaser, at the last address of such Holder shown in the records of the City.

Section 604. Mortgagee's Option To Cure Defaults

After any breach or default by Purchaser under this Agreement, each Holder shall (insofar as the rights of the City are concerned) have the right, at its option, to cure or remedy such breach or default in accordance with the time periods in Section 701, and to add the reasonable cost thereof to the mortgage debt and the lien of its mortgage; provided, that if the breach or default is with respect to construction of the improvements, nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of Improvements on the Property (beyond the extent necessary to conserve or protect Improvements or construction already made) except for completion of the Improvements. In the case of any breach or default occurring after Purchaser shall have acquired the Property and shall have granted a mortgage or deed of trust in favor of Holder, Holder shall have an additional thirty (30) days to cure such breach or default after the expiration of any cure period allowed to Purchaser, and if the breach or default cannot reasonably be cured within such thirty (30) day period then the additional period of cure allowed to Holder shall be extended for such time by the City as is reasonably required to cure such breach or default, provided that Holder shall give notice of its intent to cure and commence cure within such thirty (30) day period and continue diligently to pursue such cure.

Section 605. Mortgage and Holder

For the purposes of the Agreement, the term "Mortgage" shall include a deed of trust or other instrument creating an encumbrance or lien upon the Property, or any part thereof, as security for a loan. The term "Holder" in reference to a Mortgage shall include any insurer or guarantor of any obligation or condition secured by such mortgage.

Section 606. Member Liens

Purchaser may grant to its individual and marital community members a security interest ("Member Lien") to secure repayment of any, capital contributions, advances, loans and down payments made by a member related to the member's proposed purchase of a residential unit to be constructed on the Property. Any Member Lien created by Purchaser shall be subordinated to the interest of the City and any Mortgage required for Approved Financing.

SUBPART 700 - DEFAULT AND REMEDIES

Section 701. Default

Except as otherwise provided in this Agreement, in the event of any default in or breach of this Agreement, or any of its terms or conditions, by any party hereto, or any successor to a party, such party (or successor) shall, upon written notice from the other, proceed immediately to cure or remedy such default or breach, and, in any event, shall complete such cure within sixty (60) days after receipt of such notice or such shorter period as may be provided herein. In case such action is not taken or not diligently pursued, or the default or breach shall not be cured or remedied within the time permitted hereunder, the aggrieved party may pursue any remedies available at law or in equity, subject to the specific limitations herein.

Section 702. Remedies Upon Default of City

Except as otherwise provided in this Agreement, in the event that, following the notice and cure period specified in Section 701, any of the following occurs:

- a) The City fails to tender conveyance of the Property or close on the Property in the manner required herein after satisfaction of the conditions provided in this Agreement and receipt of a notice to close from Purchaser as specified herein, and any such failure shall not be cured within sixty (60) days after notice from the Purchaser; or
- b) The City fails or refuses to approve Purchaser's MUP Design and Landscaping Plans pursuant to the terms of this Agreement without a statement of the reasons for such refusal; or
- c) The City otherwise fails or refuses to comply with the terms and conditions of or is in default or breach of this Agreement prior to Closing;

then at the option of Purchaser this Agreement shall be terminated, upon written notice to the City of such termination, Purchaser shall receive a full refund of the Earnest Money and Purchaser shall have the right, as its sole remedy, to proceed against the City for actual damages, limited to out-of-pocket costs directly related to development of



the Property. As used herein, the term "out-of-pocket costs" excludes administrative or overhead costs, legal fees, and also excludes consequential damages of any kind whatsoever, such as but without limitation lost profits, lost business opportunities or interference with business or contractual expectancies.

Section 703. Remedies Upon Default of Purchaser

Except as otherwise provided in this Agreement, in the event that, following the notice and cure periods specified in Section 701 prior to the conveyance of the Property to Purchaser any of the following occurs:

- a) Purchaser (or any successor in interest) assigns or attempts to assign this Agreement or any rights therein or in the Property without the express consent of the City; or
- b) Purchaser does not submit Construction Documents, as required by this Agreement, or obtain the permits necessary to allow construction, or in each case, in the manner and by the Closing date of this Agreement; or
- c) Purchaser, without legal excuse, gives notice that it will be unable or unwilling to close on the Property provided herein; or
- d) Purchaser, without legal excuse, does not tender the full consideration for and take title to the Property and perform all other obligations of Purchaser at Closing of the Property upon tender of conveyance by the City pursuant to this Agreement; or
- e) Purchaser, without legal excuse, fails to give written notice of intent to close on the Property pursuant to Section 8(b)(i) of Part I, hereof at least ten (10) days in advance of the last date for Closing of the Property specified in such Section notwithstanding the satisfaction of all conditions to Purchaser's obligation to close except those to be satisfied at Closing; or
- f) Purchaser, without legal excuse, otherwise fails to comply with the terms of or is in default or breach of this Agreement prior to Closing; or;
- g) There are multiple failures by Purchaser to comply in material respects with the terms and conditions of this Agreement and such failures are not promptly corrected to the satisfaction of the City,

then at the option of the City this Agreement and any rights of Purchaser or of any assignee or transferee in this Agreement or arising therefrom with respect to the City or the Property shall be terminated upon receipt by Purchaser of written notice of such termination, the Earnest Money Promissory Note shall become immediately due and payable and such sums secured by the Note shall be paid to the City as liquidated damages, as the sole and exclusive remedy available to the City, and neither Purchaser

(or assignee or transferee) nor the City shall have any further rights against or liability to the other under this Agreement.

Section 704. Reversion of Title to City Upon Failure to Commence Construction or Complete Improvements or Certain Other Events Subsequent to Conveyance to Purchaser

A. The City is selling the Property for the purpose of the timely construction of Improvements as outlined in the Conceptual Design and as revised in the MUP Design and Construction Documents, in reliance on the representation of Purchaser that such Improvements will be constructed. Therefore, as set forth in the Special Warranty Deed, the conveyance of the Property to Purchaser shall be subject to a condition subsequent to the effect that in the event of failure to commence construction of or complete the Improvements pursuant to the Agreement, or upon the occurrence of other events described therein prior to completion of the Improvements, and after failure on the part of Purchaser to cure or remedy such failure or other event within the period (if any) and in the manner stated in the Special Warranty Deed, the City at its option may declare a termination of all the rights and interests in and to the Property conveyed by the Special Warranty Deed to Purchaser, and that such title and interests to and in the Property shall vest in the City, upon which all rights of Purchaser (and all persons claiming through Purchaser) in and to the Property and possession thereof shall cease; provided, that such condition subsequent and any reverting of title as a result thereof in the City (1) shall always be subordinate to and limited by, and shall not defeat, render invalid, or limit in any way; (i) the lien of any mortgage authorized by the City pursuant to this Agreement, and (ii) any rights or interests provided in this Agreement for the protection of the holders of such mortgages; and (2) shall not apply to the Property once the Improvements to be constructed have been completed in accordance with this Agreement and the Certificate of Completion has been issued

B. If the City exercises its right to revest title to the City pursuant to this section, the City shall return to Purchaser, without interest, all funds paid by Purchaser to the City for the Property, after deducting (1) any amounts used to pay off liens incurred or permitted by Purchaser, and (2) City expenses related to this transaction, including expenses, if any, of restoring the Property to a safe and marketable condition.

C. In addition to, and not in the alternative to, the City's power of termination and possibility of reverter as provided for above, the City shall have the right, at any time when the City would have the right to declare a termination of Purchaser's interest under the terms of the Special Warranty Deed, by notice to Purchaser and Escrow Agent, to elect to retain the Completion Deposit without any deduction, offset or recoupment whatsoever, as liquidated damages in the event of default, violation or failure of the Purchaser as specified in this section. If the City makes such election to collect the Completion Deposit, then Purchaser shall have an additional ninety (90) days beyond the deadline otherwise applicable to remedy the failure or event giving rise to the City's right to terminate Purchaser's interest, prior to effectiveness of any termination.

Section 705. Other Rights and Remedies of City; No Waiver of Delay

Either party shall have the right to institute such actions or proceedings as it may deem desirable for effectuating its remedies. Any delay by either party in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this Agreement shall not operate as a waiver of any rights or remedies or to deprive it of or limit such rights or remedies in any way; nor shall any waiver in fact made with respect to any specific default be considered or treated as a waiver of the rights or remedies of either party with respect to any other defaults or with respect to the particular default except to the extent specifically waived in writing.

SUBPART 800 - MISCELLANEOUS PROVISIONS

Section 801. City's Representations

Except as may be set forth in the Environmental Assessment, (i) the Director has not received notification of any kind from any agency (including without limitation any other City Department or federal or state agency) suggesting that the Property is or may be targeted for a federal or state Superfund cleanup or may be contaminated with any Hazardous Substance or other hazardous waste or materials, and (ii) the Director has no actual knowledge of a release or threatened release of any Hazardous Substance or other hazardous waste or materials on the Property.

Section 802. Purchaser's Representations

Purchaser represents and warrants that it is a duly organized and validly existing Limited Liability Company and has full power and authority to enter into and perform this Agreement and the transactions contemplated hereby; the execution and delivery of this Agreement by the undersigned individual has been duly authorized by all necessary corporate or other action; and this Agreement is the valid binding obligation of Purchaser, enforceable in accordance with its terms.

Section 803. Notices

A notice or communication under this Agreement by one party to any other party shall be effective on the earlier of the date actually received by hand delivery or by mail as evidenced by a signed receipt for certified mail, or three (3) days after deposited in the United States mail, postage prepaid, return receipt requested, to the addresses listed below for the parties or to such other addresses as the parties may, from time to time, designate in writing delivered as provided in this Section 803. Any notice required or permitted by any applicable law also shall be effective if given in the manner specifically required or permitted by such law.

PURCHASER:

Seattle Cohousing, LLC
c/o David S. Kerruish P.S.
1201 Third Avenue, Suite 3100
Seattle, WA 98101

Additional copies of notices to Purchaser should be sent to the following, however, failure to provide copies of notices to the following entities shall not be deemed to be a failure to notify the Purchaser.

Additional Copies of Notices: Oksana Winstead
Seattle Cohousing, LLC
3040 164th Pl. NE
Bellevue, WA 98008

THE CITY:

Director, Office of Housing
The City of Seattle
400 Arctic Building
700 Third Avenue
Seattle, WA 98104

Section 804. Agreement Survives Conveyance

It is the intent of the parties hereto that none of the Sections of this Agreement shall be merged by reason of any deed transferring any interest in any real or personal property; and any such deeds shall not be deemed to in any way affect or impair any of the provisions, conditions, covenants, or terms of Sections of this Agreement, except as otherwise provided in this Agreement.

Section 805. Interpretation

Any titles of the several Parts, Subparts or Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions. The recitals and Exhibits are by this reference incorporated into this Agreement.

Section 806. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.



Section 807. City Approval and Consent

The Mayor and the Director are the sole persons authorized to act for and on behalf of the City in connection with this Agreement except where another is required to act by law or by this Agreement.

Section 808. Entire Agreement

This Agreement, including recitals Exhibits, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior or contemporaneous oral or written agreements, understandings, statements, documents, reports, studies or communications with respect to the Property or the subject matter hereof.

Section 809. Cooperation

The parties agree to use their best efforts diligently and promptly to take all actions necessary and appropriate in order to satisfy the conditions set forth in this Agreement and to execute and deliver all other documents reasonably necessary to carry out their respective obligations hereunder, including without limitation reasonable instructions to Escrow Agent.

Section 810. Time

Time is the essence of all provisions of this Agreement.

Section 811. Partial Invalidity

Any provision of this Agreement which shall prove to be invalid, void or unenforceable shall in no way affect, impair, or invalidate any other provision hereof, and such other provisions shall remain in full force and effect.

Section 812. Governing Law; Venue

This Agreement shall be governed by the laws of the State of Washington. Any action brought to interpret or enforce this Agreement shall be laid in King County, Washington.

Section 813. Successors and Assigns

This Agreement shall be binding upon the parties hereto and their respective successors and assigns, subject to the limitations on transfer herein.

Section 814. No Third Party Beneficiaries

The provisions hereof are for the sole benefit of the parties hereto and, subject to restrictions on transfers by Purchaser stated herein, their respective successors and assigns (including Holders to the extent provided herein). No other parties shall have any rights or remedies hereunder.

Section 815. Amendments

Amendments to this Agreement may be made only after written approval by the City and Purchaser. Amendments which are not fairly within the scope of Ordinance _____ shall not be effective unless authorized by ordinance.

Section 816. Condemnation

If prior to Closing, all or any portion of the Property shall be taken or condemned for public or quasi public use by eminent domain ("Taking"), then, except as stated below, all compensation awarded upon such condemnation up to the amount of the purchase price shall be retained by the City and applied to the purchase price, and any balance inure to Purchaser and the City shall have no claim therefo. If in the event of a Taking, it becomes infeasible, as determined by Purchaser in its sole discretion, for Purchaser to commence or complete the re-development of the Property as provided in the Conceptual Design and this Agreement, Purchaser shall have the right to terminate this Agreement by written notice to the City within thirty (30) days after the effective date of such Taking, and the City shall return the Earnest Money Promissory Note.

Section 817. Waiver of Rights Under RCW Chapter 64.06

Purchaser hereby irrevocably waives the right to receive a disclosure statement pursuant to RCW Chapter 64.06 and waives any right to rescind this Agreement under RCW Chapter 64.06.

Section 818. Brokerage Commission

Purchaser and Seller agree that no real estate brokers are involved in this transaction or shall be compensated in connection with the sale of the Property or any portion thereof. If any such commission or fee is or becomes due by reason of the conduct of one party, then that party shall pay such fee or commission and shall indemnify and hold the other party harmless from and against any liability for the same.

Section 819. Force Majeure

Whenever performance is required of either party hereunder, that party shall use all due diligence to perform and take all reasonable measures in good faith to perform; provided, however, that if completion of performance shall be delayed at any time by reason of acts of God, war, civil commotion, riots, strikes, picketing, other labor

disputes, damage to work in progress by reason of fire or other casualty, severe weather, or any other cause beyond the reasonable control of said party, then the time for performance herein specified shall be appropriately extended by the amount of the delay actually so caused.

Section 820. Calculation of Time

If the time for performance of any of the terms, conditions and provisions hereof shall fall on a Saturday, Sunday or legal holiday, then the time of such performance shall be extended to the next business day thereafter.

Section 821. Definitions

The following terms are defined in the section referenced below next to such term:

Agreement	-	Preamble
City	-	Preamble
Seattle Cohousing, LLC	-	Preamble
Purchaser	-	Preamble
Dearborn-Hiawatha Properties		Recitals
RDQ	-	Recitals
Proposal	-	Recitals
HomeSight	-	Recitals
Icon	-	Recitals
Director	-	Recitals
Conceptual Design		Recitals
Property	-	Section 1
Purchase Price	-	Section 2
Special Warranty Deed		Section 3
Title Company	-	Section 4
Title Commitment	-	Section 4
Permitted Exceptions	-	Section 4
Liens	-	Section 4
MUP	-	Section 5
Escrow Agent	-	Section 5



Earnest Money Promissory Note		Section 6
Quit Claim Deed		Section 7
Closing	-	Section 8
Completion Deposit	-	Section 8
Improvements	-	Section 101
Environmental Assessment	-	Section 201
AS IS		Section 201
Changed Condition	-	Section 202
Hazardous Substances	-	Section 205
UST		Section 206
Construction Agreement		Section 207
MUP Design		Section 302
DCLU	-	Section 302
Landscaping Plan		Section 302
Construction Documents		Section 303
Financing Commitment	-	Section 307
Lender(s)		Section 307
Schedule		Section 312
Certificate of Completion	-	Section 314
Permits	-	Section 315
Approved Financing	-	Section 601
Proposed Financing	-	Section 601
Holder	-	Section 602, 605
Mortgage	-	Section 602, 605
Member Liens	-	Section 606
out-of-pocket costs	-	Section 702
Taking	-	Section 816
Redeveloper		Exhibit XII



Section 822. Exhibits

The following Exhibits are part of this Agreement and are incorporated herein by this reference:

Exhibit I	Legal Description of Property
Exhibit II	Legal Description of Alley
Exhibit III	Map of Property Location
Exhibit IV	Preliminary Title Report with Permitted Exceptions
Exhibit V	King County Noxious Weed Information
Exhibit VI	Conceptual Design
Exhibit VII	Form of Earnest Money Promissory Note
Exhibit VIII	Conditions to Right of Entry
Exhibit IX	Special Warranty Deed and Easement
Exhibit X	Quit Claim Deed
Exhibit XI	Construction Agreement
Exhibit XII	Certificate of Completion

EXECUTED as of the day and year first above written.

CITY:

THE CITY OF SEATTLE,
a municipal corporation of the State of
Washington

By: _____
Cynthia Parker
Director, Office of Housing

PURCHASER:

Seattle Cohousing, LLC
a Washington limited liability corporation
UBI Number: _____

By: _____
Oksana Winstead, Managing Board Member

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, 1999, personally appeared before me Cynthia Parker, to me known to be Director of the Office of Housing of the City of Seattle, the municipal corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned and on oath stated that she was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said municipal corporation.

WITNESS my hand and official seal the date and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission expires _____
Print name: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, 1999, personally appeared before me Oksana Winstead, to me known to be the managing board member that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said Washington not-for-profit corporation.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission expires _____
Print name: _____



Exhibit I
Legal Description of the Property

Lots 1 through 10, inclusive, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, in King County, Washington.

Subject to an easement over

That portion of Lots 10, 7 and 8, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington, lying east of a line distant 2 feet westerly of and parallel to the most Easterly lines of said Lots 10, 7 and 8 (said parallel line measured at right angle to said most Easterly lines), the terms of which are set forth in the Exhibit A attached hereto; situate in the City of Seattle, County of King, State of Washington.

Exhibit II
Legal Description of the Alley East of the Property

The sixteen foot wide alley lying east of Block 2, Rainier Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington, as said alley was platted in said plat of Rainier Addition to the City of Seattle;

situate in the City of Seattle, County of King, State of Washington.

Exhibit III
Map of Property Location

Exhibit IV
Preliminary Title Commitment with Permitted Exceptions

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Exhibit V
King County Noxious Weed Information

Exhibit VI
Conceptual Design

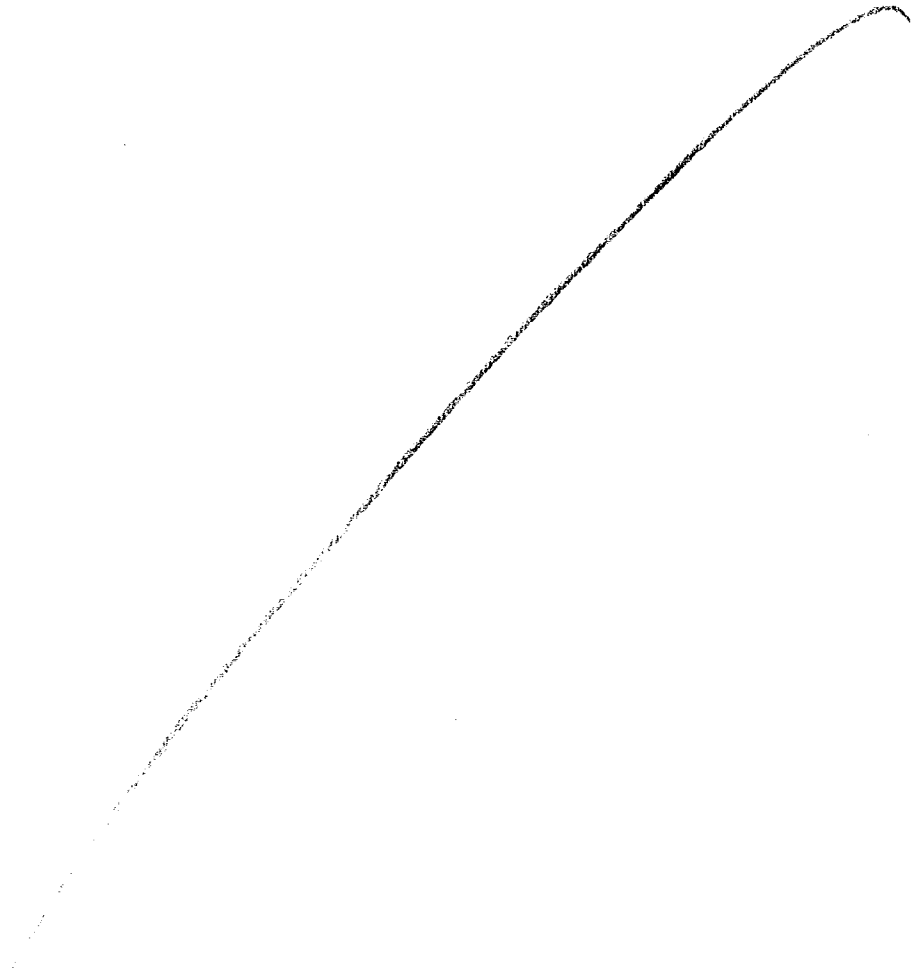


Exhibit VII
Form of Earnest Money Promissory Note

PROMISSORY NOTE

\$7,200.000

June __, 1999

1. **PROMISE TO PAY:** FOR VALUE RECEIVED, Seattle Cohousing, LLC, (hereinafter "Maker"), promises to pay to The City of Seattle, Office of Housing (hereinafter "Holder"), at the address below, or such other place as holder hereof may from time to time designate in writing, the principal sum of Seven Thousand Two Hundred Dollars (\$7,200.00), with no interest thereon until due, then interest at the rate of 25% per annum. This note is given as an earnest money deposit upon execution of the Purchase and Sale Agreement ("PSA") dated June __, 1999, for the real property described as Dearborn-Hiawatha Parcels 3 and 4(a) located on the east side of Hiawatha Place S between S Dearborn St and S Charles Place, in Seattle Washington.
2. **PAYMENT:** Maker shall pay the entire principal sum and accrued interest to Holder upon demand, after Holder's sixty (60) day notice to Maker of Maker's default in performance of the terms of the Purchase and Sale Agreement executed on ____ by Maker and the City (PSA), and Maker's failure to cure such default within the period allowed by the PSA; with demand being made on the Maker and if Maker fails to make payment upon demand, then Guarantor shall make full payment of the sums secured by this Note. In the event that Maker does not default in the performance of the obligations of Maker described in the PSA, this note shall be cancelled, and returned to the Maker by the Holder at the time of the closing of the sale of the real property. This note is personally guaranteed by William J. Sellars acting in his individual capacity (Guarantor). In the event Maker fails to make payment pursuant to this section, Guarantor promises to pay to Holder upon demand the amounts due under this Promissory Note.
3. **PREPAYMENT:** The Maker may prepay this Promissory Note in whole or in part at any time. No penalty or premium shall be charged in the event of prepayment.
4. **DEFAULT:** If default be made in payment of the Promissory Note, pursuant to the terms of the PSA, then, at the option of the Holder and without prior notice, the entire indebtedness secured hereby shall be immediately due and payable, and shall bear interest at the rate of ten (10%) per annum.
5. **ATTORNEY'S FEES:** In the event this Promissory Note is placed in the hands of an attorney for collection, or if suit shall be brought to collect any of the principal or interest of this Note, Maker shall pay a reasonable attorney's fee, in addition to all costs of collection and expenses of suit.



6. WAIVER OF PRESENTMENT: Presentation of payment, notice of dishonor, protest and notice of protest are hereby waived.
7. NON-WAIVER: Failure to exercise any right or option of Holder shall not constitute a waiver of the right to exercise such right or option if Maker is in default hereunder.
8. EXECUTION AS PRINCIPAL: Each Maker of this Note executes the same as a principal and not as surety.
9. APPLICABLE LAW: This Promissory Note shall be given and construed and enforced in accordance with the laws of the State of Washington. Any suit or action brought hereunder shall be submitted to the jurisdiction of King County Superior Court in the State of Washington.
10. NOTICES: All notices, demands, requests, consents, approvals and other instruments required or permitted to be given pursuant to the terms of this Note or the Letter of Credit shall be in writing and shall be deemed to have been properly given if sent by registered or certified mail, postage prepaid, return receipt requested, to the addresses set forth below.

HOLDER: City of Seattle
Office of Housing,
618 Second Avenue,
Eighth Floor
Seattle, WA 98104
Attention: Cynthia Parker

MAKER: Seattle Cohousing, LLC
3040 - 164th Place NE,
Bellevue, WA 98008.

GUARANTOR: William J. Sellars
1548 NE 95th St.
Seattle, WA 98115

Provided, however, that such address may be changed upon five days written notice thereof similarly given to the other party. Such notice, demand, request, consent, approval and other instrument shall have been deemed to have been served on the third day following the date of mailing.



Seattle Cohousing, LLC

by Oksana Winstead, a Manager

William J. Sellars

APPROVED:

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, 1999, personally appeared before me Oksana Winstead, to me known to be the managing board member that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission expires _____
Print name: _____



STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, 1999, personally appeared before me William J. Sellars, to me known to be the individual that executed the within and foregoing instrument and acknowledged said instrument to be his free and voluntary act and deed, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said Washington not-for-profit corporation.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission expires _____
Print Name: _____



Exhibit VIII
Conditions to Right of Entry

A. Purchaser's entry upon the Property, including any Improvements thereon, shall occur during normal business hours for the purposes set forth in this Agreement, upon at least forty-eight (48) hours prior notice (which may be by facsimile) to the City and, in the City's discretion, in the presence of an agent or employee of the City.

B. Any contract entered into by Purchaser for any consultants' services with regard to the Property shall expressly provide that the City shall have no obligation thereunder and that the charges for such services shall not be a lien on the Property unless and until Purchaser shall have completed the purchase of such prior to entry of each such consultant. Purchaser shall provide the City with a lien waiver from each consultant.

C. No activities (including without limitation excavations) that require a permit under applicable City or other governmental codes or regulations shall be conducted on the Property unless Purchaser obtains such permits at its sole expense and complies with all conditions thereof. Copies of such permits or orders shall be supplied to the City upon its request.

D. If any noxious, non-native vegetation, including giant hogweed, is removed from the Property, Purchaser shall comply with King County requirements to prevent the spread of such vegetation (Exhibit V). Purchaser shall transport such vegetation securely covered to prevent the spread of seeds, and shall not dispose of such vegetation at composting stations.

E. Purchaser shall use its best efforts to avoid the creation or maintenance of hazards as a result of its activities on the Property. Purchaser shall not keep, dispose of, generate or cause any hazardous waste or substance to be released or deposited on the Property. Purchaser shall not grade or cause any large excavations or filling in of the Property, unless prior written permission is given by the City, and Purchaser shall restore to its previous condition any portion of the Property that has been disturbed by such activities upon written request by the City to do so, which written request shall set forth the hazards to be remedied.

F. Prior to any entry on the Property, Purchaser and its consultants entering on the Property shall furnish to the City evidence of a current policy of general commercial liability insurance in effect for itself, naming the City as an additional insured, that shall insure against personal injury or damage to property with minimum limits of \$500,000 each occurrence and \$1,000,000 annual aggregate. At no time shall Purchaser or its consultants enter upon any portion of the Property owned by the City unless such insurance is in effect.

G. No vehicles shall be driven over or across the water pipeline located in the above described alley on the Parcels. Prior to entry onto the Property, purchaser will obtain the assistance of the designated representative of the Seattle Public Utilities



Department of the City (SPU) identified below to determine the location of the water pipe, and then will provide information on the pipeline location to it's agents entering the property. The designated representative of SPU shall be: David Defferding 684-5860. Purchaser shall avoid damaging the water pipeline adjacent to the property and shall not remove the fence surrounding the pipeline designed to protect the water pipe against damage from vehicles. Purchaser shall not conduct activities that may cause the disruption of the soil under or near the pipeline, the removal of the ground support for the water pipe, increase the load on top of the pipe, or otherwise cause damage to the pipe or impair its operation. If any digging or removal of soil occurs near the pipeline, Purchaser shall notify the designated representative of SPU identified above. If any damage, leaking or other disturbance of the pipe occurs, Purchaser shall immediately notify SPU's representative, and call 286-1800 to report water-related emergencies.)

F. Purchaser hereby agrees to release and forever discharge, indemnify, defend and hold the City, and its elected officials, employees and agents, harmless from and against any and all liability, including without limitation any claims, liability, costs, damages or fees (including but not limited to reasonable attorneys' fees and costs) incurred as a result of or in connection with Purchaser, its contractors, agents, or employees' entry onto any portion of the Property owned by the City, or the adjacent pipeline corridor, including but not limited to damage of the city's water pipeline or the release of any Hazardous Substances thereon. The term "Hazardous Substances" shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined or listed by any federal, state, or local statute, regulation or ordinance pertaining to the protection of human health or the environment and shall specifically include petroleum oil and its fractions.



Exhibit IX
Special Warranty Deed with Easement

After Recording Return to: Seattle Cohousing, LLC
c/o David S. Kerruish
1201 Third Avenue, Suite 3100
Seattle, WA 98101

Document Title: Special Warranty Deed

Reference Number of Document Assigned or Released:

Grantor(s) Name: City of Seattle

Grantee(s) Name: Seattle Cohousing, LLC

Legal Description:

Abbreviated form: Lots 1-10, Block 2, Rainier Boulevard Addition to the City of Seattle, Vol. 9, pg. 59, subject to an easement over portion of Lots 10, 7 and 8.

Additional legal description is included below, and on Exhibit A of document.

Assessor's Property Tax Parcel or Account Number: 713230-0075-00, 0100-09, 0125-00

SPECIAL WARRANTY DEED WITH CONDITION SUBSEQUENT

Grant

THE CITY OF SEATTLE, a municipal corporation of the State of Washington, (the "Grantor"), for and in consideration of ten dollars (\$10.00) in hand paid, and other good and valuable consideration and the covenants of the Grantee contained in that certain Purchase and Sale Agreement between Grantor and Grantee, dated [] ("Contract"), bargains, sells and conveys to Seattle Cohousing, LLC, a Washington Limited Liability Corporation (the "Grantee") the following described real estate located in the City of Seattle, County of King, State of Washington, generally located on the east side of Hiawatha Place S between S Dearborn St and S Charles Place and legally described as follows:

Lots 1 through 10, inclusive, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, in King County, Washington.

Subject to an easement over

That portion of Lots 10, 7 and 8, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington, lying east of a line distant 2 feet westerly of and parallel to the most Easterly lines of said Lots 10, 7 and 8 (said parallel line measured at right angle to said most Easterly lines), the terms of which are set forth in the Exhibit A attached hereto;

situate in the City of Seattle, County of King, State of Washington.

Seattle Cohousing, LLC
Purchase and Sale Agreement
05/03/99

Page 53

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Covenants

This conveyance is subject to the following covenants and restrictions which shall be binding on the Grantee and Grantee agrees to on behalf of Grantee's heirs, successors and assigns:

1. **Covenants in Exhibit A.** The conveyance is subject to the covenants in the attached Exhibit A.
2. **Condition Subsequent.** This Deed and all rights of Grantee hereunder are subject to a condition subsequent upon the occurrence of which Grantor or its governmental successors or assigns shall have the absolute right, subject only to the express limitations set forth herein, to terminate, by notice to Grantee or by reentering and taking possession of the Property (or one or more Parcels thereof, if the legal description designates separate Parcels or if the Contract provides for the division of the Property into Parcels), the estate conveyed under this deed and all rights of all persons claiming by or through Grantee, whereupon fee simple title to the Property (or to one or more Parcels thereof, if the condition subsequent shall have terminated as to the other Parcel or Parcels) shall revert entirely in Grantor or its governmental successors or assigns. The condition subsequent shall have occurred if any of the following shall occur prior to the time that Grantee shall have completed construction of the Improvements to the Property (to consist of a 24 unit cohousing condominium development in accordance with certain Construction Plans submitted by Grantee) required pursuant to the Contract and shall have obtained from Grantor a Certificate of Completion with respect thereto:

(a) Grantee or its successor in interest shall default on, fail to perform or violate Grantee's obligations with respect to the construction of the Improvements pursuant to the Contract (including without limitation obligations with respect to the nature of the Improvements and the dates for the beginning and the completion thereof), or shall abandon or substantially suspend construction work, and any such default, failure to perform, violation, abandonment or suspension shall not be cured, ended or remedied to the reasonable satisfaction of Grantor within thirty (30) days after Grantor's written demand to do so; or

(b) Grantee or its successor in interest shall, without the express written consent of Grantor, transfer any interest in the Property or cause or permit there to be placed on the Property any encumbrance or lien not authorized by the Contract, unless such encumbrance or lien is paid, removed or discharged or provision is made satisfactory to the Grantor for such payment, removal or discharge, within thirty (30) days after written demand from Grantor to do so; provided that in the case of a mechanic's or materialmen's lien or notice thereof Grantee shall have the right to prevent the occurrence of a condition subsequent pursuant to this subsection (b) by bonding or depositing security under conditions reasonably adequate to protect Grantor from such liens in the event title should revert in Grantor under the terms



hereof.

Notwithstanding the foregoing, the condition subsequent and any reversioning of title as a result thereof in the Grantor (1) shall always be subject to and limited by, and shall not defeat, render invalid or limit in any way (a) the lien of any mortgage or deed of trust permitted by the Contract, and (b) any rights or interest provided in the Contract for the protection of the holders of such mortgages or deeds of trust; and (2) shall not apply to individual Parcels of the Property for which a Certificate of Completion has been issued as provided below.

3. **Certificate of Completion.** Upon the recording of a Certificate of Completion duly signed by the Director of the Office of Housing of the Grantor, stating that the Improvements to the Property, or a Parcel thereof, have been completed in accordance with the Contract, the condition subsequent in this deed shall be of no further force or effect with respect to the Property, or Parcel thereof specified in the Certificate, as the case may be.
4. **Miscellaneous.** Capitalized terms not defined herein shall have the meanings set forth in the Contract. Time is of the essence of all of the provisions hereof.

Executed this _____ day of _____, pursuant to Ordinance No. _____.

GRANTOR:
THE CITY OF SEATTLE

By _____
Cynthia Parker, Director,
Office of Housing

Approved as to form only:

Mark H. Sidran, City Attorney

By _____
Betty Ngan, Assistant

GRANTEE:
Seattle Cohousing, LLC

By _____
Print Name: _____



Approved as to Form by Purchaser:

By _____

Print name: _____

Title _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, _____, before me, the unsigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared to me Cynthia Parker, to me known to be the Director of the Office of Housing of the City of Seattle, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year in this instrument above written.

Date _____

NOTARY PUBLIC in and for the
State of Washington, residing at

My Commission Expires: _____



EXHIBIT "A" to Special Warranty Deed
RESERVED EASEMENT

The City, its successors and assigns, hereby reserves an exclusive easement to that certain strip of land two (2) feet in width described as follows:

That portion of Lots 10, 7 and 8, Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington, lying east of a line distant 2 feet westerly of and parallel to the most Easterly lines of said Lots 10, 7 and 8 (said parallel line measured at right angle to said most Easterly lines);

in the City of Seattle, County of King, State of Washington.

The owners of the property burdened by this Easement shall be referred to herein as "Servient Owner". The City shall be referred to as the "Dominant Owner," the "City" or "City acting through its Seattle Public Utilities (SPU) department."

This Easement is reserved for the purpose of ingress and egress for the patrolling, operation, maintenance, and repair of the City's water utility system located in the alley described below which abuts the above described easement area.

Agreement

This Easement is reserved subject to the following terms and conditions which the Dominant and Servient Owners agree to faithfully observe and perform:

1. Prevention of Obstruction. The Servient Owner, its successors and assigns, hereby agree that no buildings, structures, poles, light standards, underground utilities serving the Servient Owner, underground storage tanks, or trees, shall be placed within the easement area. Other improvements or landscaping within the easement area (such as fencing, grass, small shrubs or paving) may be permitted upon review and written approval by the City.
2. Obligation to Restore. The Dominant Owner shall restore the easement area to a condition as good or better than the condition of the property prior to any disturbance by the Dominant Owner (including the removal of any temporary vehicular access road) when its work is completed. The Dominant Owner's obligation to restore shall apply solely to improvements and landscaping that have been approved by the City in writing. When necessary, the Dominant Owner shall install improvements or plantings to protect the surface of the easement area from erosion.
3. Approval of Grading Changes. The Servient Owner agrees to allow the City through its Seattle Public Utilities (SPU) to review and approve any plans to



excavate or to change the grade within the easement area. Any grading shall maintain a driveable slope consistent with said abutting alley, without causing erosion or additional surface water drainage to the alley or other property.

4. Timely Review of Plans. SPU will make a good faith effort to review any plans and specifications, as required in Paragraphs 2 and 3 of this Easement, and return to Servient Owner with comments or revisions without undue delay.
5. Maintenance. Said easement area and approved improvements shall be maintained by Servient Owner their successor and assigns.
6. Protection of Pipeline. As part of its water utility system, the City owns and maintains a water transmission pipeline in the 16-foot wide alley lying between Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County Washington and Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, Page 19, Records of King County, Washington. Said alley lying entirely within said Rainier Boulevard Addition to the City of Seattle.

The owners of the property abutting this Alley shall be referred to herein as "Servient Owners".

For the protection of said pipeline the following shall apply:

- a) Approval of Construction Plans. Servient Owners will allow the Seattle Public Utilities (SPU) to review and approve in writing, for protection of the pipeline, any construction plans and activities within 100 feet of the pipeline. This shall include but not be limited to grading, pile driving, auguring, excavation and/or the use of explosives. SPU's approval shall not be unreasonably withheld.
 - b) Timely Review of Plans. SPU will make a good faith effort to expedite review and to return its comments/requests for revisions, disapproval, or approval on the plans and specifications. The Servient Owners shall provide additional information and revisions requested by SPU to complete its review.
 - c) Construction Activity. Servient Owner's construction activities shall be conducted in a manner to avoid excessive vibrations of said pipes, destabilization of the ground support for the pipes or otherwise threaten the integrity or operation of the pipeline.
7. Restriction of Vehicular Traffic. Unless otherwise installed or provided by the Servient Owners at Servient Owner's option, the City shall install locking gates, fences, bollards, or other effective barriers at both ends of the easement area to prevent unauthorized vehicle access, except for utility, emergency, police, fire, and other authorized maintenance vehicles. Both the Servient Owner and the City shall



be provided with keys to operate all locking barriers.

8. Survival. The rights and obligations of the Servient Owner shall run with the property and shall inure to the benefit of and be binding upon their respective successors and assignees.
9. Indemnification. Each party (the Dominant and Servient Owner) shall, respectively as indemnitor, indemnify and hold harmless the other as indemnitee, its officers, elected officials, agents, employees, from and against any and all claims, actions, suits, proceedings, costs, expenses (including reasonable attorney's fees), or damages arising out of or relating to any act or omission of the other party, its agents, contractors or employees, in connection with the rights exercised under this Agreement, and only to the extent caused by the sole or concurrent negligence of the indemnitor. Such indemnification shall not be effective to the extent that the damage or injury results from the sole negligence or willful misconduct of the other party. In the event that both parties are held to be jointly liable in any final judgment in any suits arising out of their acts or omissions, each party's duty to indemnify the other for liability arising therefrom shall be divided proportionately between the parties according to the relative degrees of their liability. Each party further waives, with respect to the other party only, its immunity under RCW Title 51, Industrial Insurance.
10. Notices. Any notice, request, approval, designation, direction, statement or communication shall be in writing and delivered to the following:

Seattle Public Utilities,
Real Estate Services
710 2nd Ave., Floor 9A
Seattle, WA 98104
11. Termination. This easement shall terminate when the Dominant Owner gives written notice of its intent to terminate, removes all utility pipelines and appurtenances from the abutting alley and the easement area, and ceases to use the easement area for utility purposes.



After recording, return to:
City of Seattle
Seattle Public Utilities
Real Estate Services
710 Second Avenue, 10th floor
Seattle, WA 98104

QUIT CLAIM DEED

Reference number of related documents:

Grantor: Seattle Cohousing, LLC

Grantee: City of Seattle

Abbreviated Form of Legal Description: Alley running north-south, Block 2, Rainier Addition to the City of Seattle, Volume 9, page 59.

Additional legal description is on page 1 of document.

Assessor's Property Tax Parcel Account Number(s): Not Applicable

The Seattle Cohousing, LLC ("Grantor"), hereby conveys and quit claims to the City of Seattle, a Washington municipal corporation ("Grantee"), for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration all right, title and interest (including underlying fee simple interest), together with all after acquired title of the grantor herein, in the following real estate located in the City of Seattle, King County, Washington, known as the alley that runs north-south from the corner of S Dearborn Street and Davis Place S to the corner of S Charles Place and Hiawatha Place S and legally described as follows:





**Dearborn Hiawatha Development Project
Construction Agreement**

Seattle Cohousing, LLC and the Seattle Public Utilities (City) hereby enter into this agreement governing the construction of Seattle Cohousing's project.

1. Approval of Construction Plans. Seattle Cohousing will allow the City to review and approve in writing any construction plans and activities within 100 feet of the pipeline. This shall include but not be limited to grading, pile driving, auguring, excavation and/or the use of explosives.
 - A. Seattle Cohousing will provide 3 sets of scalable plans of proposed improvements.
 - B. Seattle Cohousing will provide 3 sets of scalable "Plan view" Landscape Plans, that identify plant species and clearly show the location of the Transmission Pipeline, and the margins of the Blocks, Lots, Reserved 2 foot Easement, and the Alley.
 - C. Seattle Cohousing will provide As-builts within 120 days of construction completion.
2. Fill and Grading Over Pipeline. Seattle Cohousing shall prepare a detailed grading plan that provides for new contours on Seattle Cohousing's property which abuts the alley. The plan shall be submitted to the City for review and approval. After approval, the City shall design a compatible grading plan for the Alley and increase the ground cover to two feet over the pipeline where needed. The City shall complete the grading and filling work in the alley in a timely manner, provided that City receives from Cohousing its project and construction schedule in a timely manner to coordinate the scheduling of grade improvements to the alley.
3. Conditions of Use. The City shall allow Seattle Cohousing to use the Alley after obtaining a Street Use Permit from the Seattle Department of Transportation, under the following terms and conditions:
 - A. Maximum Weight Prohibition. Any vehicle, equipment or machinery exceeding a weight of 8000 pounds will be prohibited from using the Alley unless such additional protection occurs by using steel plates, wood matting, concrete bridging or other protective methods, reviewed and approved by the City prior to use of the Alley.
 - B. Seattle Cohousing's Obligation to Restore. If Seattle Cohousing disturbs the surface or subsurface of the alley, Seattle Cohousing shall restore the property to a condition as good or better than the condition the property was in prior to such disturbance with the exception of any approved fill.
4. Timely Review of Plans. Seattle Public Utilities (SPU) will make a good faith effort to expedite review and to return its comments/requests for revisions, disapproval, or approval



on the plans and specifications. Seattle Cohousing shall provide additional information and revisions requested by SPU to complete its review.

5. Construction Activity. Seattle Cohousing's construction activities shall be conducted in a manner to avoid excessive vibrations of said pipes, destabilization of the ground support for the pipes or otherwise threaten the integrity or operation of the pipelines.

- A. There shall be no excavation below an area defined by an "influence line." The "influence line" shall be a line drawn and extended at a 1:1 slope from the top of any water pipeline(s) in the 2-foot Easement or the Alley. Plans for foundations or walls extending below the influence line outside the 2-foot Easement must be reviewed and approved by the City through its Director of Seattle Public Utilities.
- B. No construction activity is permitted which would result in ground movement at the pipeline of 0.5 inches/sec. Examples of construction activity which cause ground movement of this magnitude are pile driving or operating a large track-hoe with a pavement breaker very near or over the pipe.

6. Notices.

- A. Any notice, request, approval, designation, direction, statement or communication shall be in writing and delivered to the following:

The City of Seattle
Seattle Public Utilities,
Real Estate Services
710 2nd Ave., Floor 9A
Seattle, WA 98104

Seattle Cohousing, LLC
c/o David Kerruish
999 Third Ave., #3230
Seattle, WA 98104

- B. Contact Lake Youngs at (425) 255-2242 at least 48 hours prior to working or excavating over the Water Transmission Line or excavation below the "influence line" as described in paragraph 5A above.
- C. The Seattle Public Utilities' 24 hour emergency contact number is (206) 386-1800.
- D. For Street Use Permit to work in the Alley, contact Larry Knutson at 206-233-0023.

City of Seattle

Seattle Cohousing, LLC

by: _____

by: _____

SEATTLE PUBLIC UTILITIES

Oksana Winstead,
Managing Board Member



Exhibit XII
Certificate of Completion

Dated this _____ day of _____

By Cynthia Parker, Director
Authorized by Ordinance No. _____

On this _____ day of _____, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

Dated: _____

Notary Public in and for the State of Washington,
residing at _____
My appointment expires _____

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STATE OF WASHINGTON - KING COUNTY

106044
City of Seattle, City Clerk

—SS.

No. ORD. TITLES

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CTOT: 1119469, 470, 472

was published on

05/27/99

The amount of the fee charged for the foregoing publication is the sum of \$ _____, which amount has been paid in full.

Subscribed and sworn to before me on

05/27/99

Notary Public for the State of Washington,
residing in Seattle

Affidavit of Publication

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on May 17, 1999, and published here by title only, will be mailed, at no cost, upon request for two months after this publication. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 119469

AN ORDINANCE authorizing an expenditure from the Judgment/Claims Fund to settle the claim of Farmers Insurance Group as subrogee for Whitney and Thomas Dawson (C-83255), all by a two-thirds vote of the City Council;

ORDINANCE NO. 119471

AN ORDINANCE relating to the sale of land for housing development in the I-90 Redevelopment Project area; authorizing the sale of Dearborn-Hiawatha Parcel 3 and 4a to Seattle Cohousing, LLC; authorizing the Director of Office of Housing to execute, deliver, and administer the contract for sale of land and to execute and deliver a deed; authorizing Seattle Public Utilities to accept and assume jurisdiction of the Alleyway upon recording of a deed; and ratifying and confirming prior acts.

ORDINANCE NO. 119472

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Publication ordered by JUDITH PIP-PIN, City Clerk.

Date of official publication in Daily Journal of Commerce, Seattle, May 27, 1999. 5/27(199944)